

**MATAGORDA COUNTY, TEXAS**

*COMPREHENSIVE ANNUAL FINANCIAL REPORT*

*FOR THE YEAR ENDED DECEMBER 31, 2013*

Prepared by  
Cathy Ezell, Matagorda County Auditor



Matagorda County  
Comprehensive Annual Financial Report  
For The Year Ended December 31, 2013

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## *Introductory Section*





**CATHY EZELL**  
**COUNTY AUDITOR**

MATAGORDA COUNTY  
1700 SEVENTH STREET, ROOM 326  
BAY CITY, TEXAS 77414-5095  
(409) 244-7611

Honorable District Judges of Matagorda County and  
Honorable Members of the Matagorda County Commissioners Court:

Chapter 114.025 and chapter 115.045 of the Local Government Code of the State of Texas requires the issuance within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a licensed certified public accountant. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Matagorda County for the fiscal year ended December 31, 2013.

This report consists of management's representations concerning the finances of Matagorda County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Matagorda County's financial statements in conformity with GAAP. The County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement because the cost of internal controls should not outweigh their benefits. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Matagorda County's financial statements have been audited by Reed & Associates, PC, certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended December 31, 2013, are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended December 31, 2013, are presented in conformity with GAAP. The independent auditor's report is presented as the first item in the financial section of this report.

The independent audit of the financial statements of Matagorda County was part of the broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Matagorda County's MD&A can be found immediately following the report of the independent auditors. The financial section also includes government-wide financial statements, fund financial statements, notes, required supplementary information and the combining and individual fund financial statements and schedules. The statistical section of the report includes selected financial and demographic information, which is generally presented on a multi-year basis.

## **PROFILE OF MATAGORDA COUNTY**

The County of Matagorda, created in 1836 is rich in history and tradition. The County is located between Galveston and Corpus Christi along the Gulf Coast and enjoys a diversity of geography from its wide expanse of prairies to the many creeks, rivers, lakes, bays and Gulf of Mexico. Matagorda County occupies an area of 1,115 square miles and serves an estimated population of 36,547. The County is a political subdivision of the State of Texas. Neighboring counties are Brazoria, Wharton and Jackson.

The County operates as specified under the Constitution of the State of Texas and Vernon's Texas Code Annotated, which provide for a Commissioners Court consisting of the County Judge and four County Commissioners, one from each of four geographical precincts. The Commissioners Court is the governing body of the County. The County Judge is elected at large to serve a four-year term and the Commissioners serve four-year staggered terms, two members elected every two years.

The Commissioners Court has certain powers granted to it by the state legislature. Its duties include adoption of the budget, setting of the tax rates, approval of contracts, appointment of certain county officials and the development of policies and orders. The Commissioners Court shares the financial controls of the County with the County Auditor who is appointed according to Texas State statutes for two year terms by the District Judges. The County Auditor holds the basic responsibilities for establishing accounting policies and procedures, maintaining the records of all financial transactions of the County, and "examining and approving" disbursements from county funds prior to their submission to the Commissioners Court for payment.

Matagorda County provides many services not ordinarily provided by any other entity of government and provides additional services in cooperation with other local governmental units. These include volunteer fire departments, libraries and the museum. A primary service is the administration of justice, which includes the county and district courts, justices of the peace, constables, district attorney, clerks of the courts, sheriff, jail, and bailiffs. Other functions performed by the County include juvenile services, maintaining public health and welfare and the construction and maintenance of roads and bridges.

## **BUDGET**

The annual budget serves as the foundation for the County's planning and control. Budgetary control is maintained at the subtotal level of the County budget for the following categories: Personnel, Operating Costs, Capital Outlay and Debt. Expenditures for current operating funds may not exceed available cash balances in such funds at January 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues, expenditures, or actual beginning fund balances in excess of budgeted estimates, provided that Commissioners Court declares the existence of an emergency necessitating the increase. All annual budget appropriations lapse at year end with the exception of the commissioner's budgets. Prior to year end, the commissioners commit a portion of unrestricted General Fund balance for the unspent portion of their precinct budgets. The County also maintains an encumbrance accounting system for the general fund as one method of maintaining budgetary control. Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted.



## **LONG TERM FINANCIAL PLANNING**

The long term financial plans of the county consist of continued infrastructure improvement for roads and bridges and efforts to explore avenues for enhanced economic growth. The commissioners' court adopted an updated tax abatement policy to aid in negotiations with potential industrial clients and to continue to attract growth for Matagorda County.

Additional appropriations for courthouse maintenance and repairs were approved to preserve our capital assets to ensure they reach their potential life expectancy.

## **LOCAL ECONOMY**

An understanding of the financial condition of Matagorda County is enhanced through a perspective of the environment in which the County operates. Matagorda County's primary economic bases include utilities, petrochemical processing, transmission, agriculture, commercial fishing and tourism. Matagorda County has outstanding opportunities for industry growth because of its location and proximity to the Gulf of Mexico, the Colorado River and the Gulf Intercoastal Canal waterway as well as rail accessibility.

For several years, Matagorda County has partnered with the South Texas Project Nuclear Operating Company (STP) in providing Emergency Preparedness Training and Operations Drills for the safety of its citizens. This contract is not only financially favorable to the County, but has also provided invaluable emergency preparedness skills and a network of cooperation between the County leaders and departments and its industry neighbors. Through a joint partnership with the South Texas Project and Wharton County Junior College, the South Texas Center for Energy Development continues to serve as a career center for staffing at STP and also offers classes focusing on process-technology and power-technology programs to train students for work at chemical, industrial and nuclear plants.

Matagorda Regional Medical Center (MRMC) serves the community at its 117,000 square-foot facility located on 45 acres of land on Texas 35 west. This two-story acute care hospital has 58 patient rooms, offers expanded services, and attractive and comfortable patient and visitor areas. A 40,000 square foot medical office building has been constructed on the MRMC campus. This two-story facility provided space for a Diagnostic Center for outpatient testing as well as physician clinic space.

The economic outlook for Matagorda County remains positive for the future. Tenaris began construction of a seamless steel pipe manufacturing plant that will have an approximate value of \$1.3 billion. This plant will bring 650 jobs to the county. The County hopes that with this addition, more business opportunities will follow. The South Texas Project Nuclear Operating Company continues toward its plans to build two additional units at the site in the near future. Although the expansion has been delayed while the industry recovers from the aftermath of the nuclear disaster in Japan, the preparation continues. The future construction would bring temporary jobs to the community and upon completion provide approximately 1,000 permanent jobs to Matagorda County. Tourism continues to grow as Matagorda's coastline is developed and discovered by those who enjoy fishing, beach and river activities or just relaxing.

## **FINANCIAL POLICIES**

The County has adopted an investment policy as required by state law and in conformity with state investment statutes. The investment policy as adopted by the County employs the prudent person concept in that priorities were established as to the investment vehicles the County would use. Compliance with the laws of the State of Texas and Safety were established as first priorities, followed by liquidity, low risk and diversification with an active versus passive management philosophy maintaining high professional and ethical standards. The County Treasurer is responsible for administering all of the investment of idle funds in the County. For the last several years, the County's depository has provided better interest rates than comparable liquid investments. During the fiscal year, the County earned approximately \$0.16 million interest on the funds invested.

In 2011 the County established a Fund Balance Policy in accordance with Governmental Accounting Standards Board Statement 54, adopting new classifications of fund balance, the method for committing fund balance and setting the order in which resources will be expended.

The County is responsible for establishing its tax rate. For the fiscal year ended December 31, 2013, the tax rate to finance general governmental services was \$0.294770 per \$100 valuation and the tax rate for the payment of principal and interest on long-term debt was \$0.004010 per \$100 of valuation.

In addition, the County also has the following financial policies:

- The Commissioners Court of the County shall formally adopt the annual budget prepared by the Budget Officer, members of the Commissioners' court and the County Auditor.
- Expenditures are controlled not to exceed available resources. All elected officials and department heads are required to keep expenditures within allocated budgets.
- Balanced financial operations will be maintained. Adequate internal accounting controls are developed and maintained to safeguard assets and provide reasonable assurance of proper recording of financial transactions.
- The County continues its effort on the replacement and upgrade of software when needed and it has provided funding when possible.
- Delivery of service to the constituents.
- Restrain the debt issuance to keep the tax rate low.

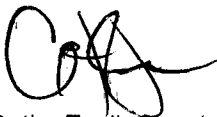
#### **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Matagorda County for its comprehensive annual financial report for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The County has received a Certificate of Achievement for the last 10 consecutive years. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I would like to express my appreciation to members of the Commissioners' Court and to the District Judges for their interest and support in planning and conducting the financial operations of the County in a responsible and professional manner. The timely completion of this report could not have been achieved without the dedicated efforts of the entire staff of the Office of County Auditor and the professional services provided by our independent Auditor, Reed & Associates, P.C.

Respectfully submitted,



Cathy Ezell, County Auditor  
Matagorda County, Texas  
June 2, 2014



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Matagorda County  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO

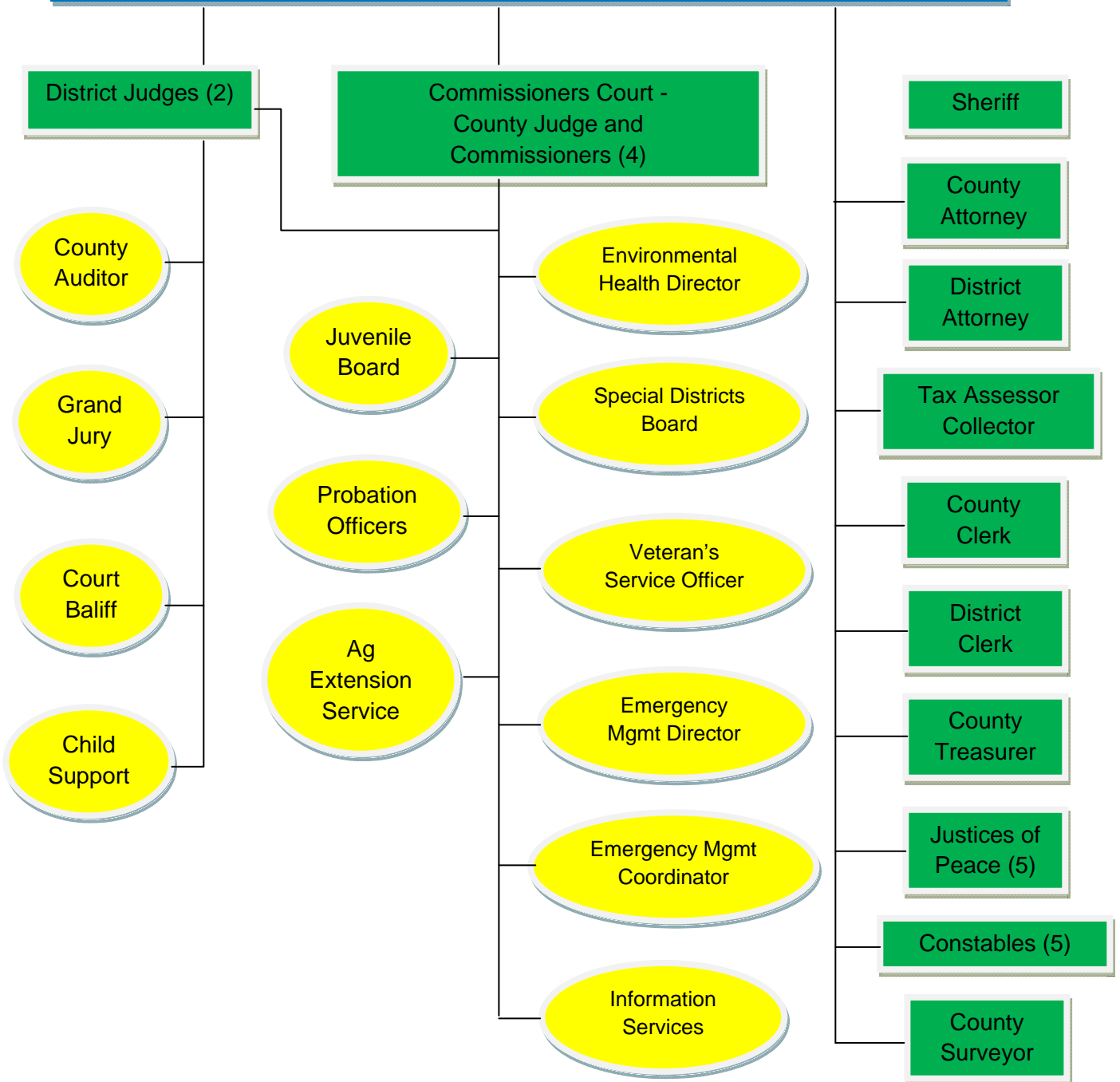


MATAGORDA COUNTY  
Organization Chart

Elected Officials

Appointed Officials

Matagorda County Voters



**MATAGORDA COUNTY****LIST OF ELECTED AND APPOINTED OFFICIAL****DECEMBER 31, 2013**Elected Officials

Judge, 23<sup>rd</sup> Judicial District  
Judge, 130<sup>th</sup> Judicial District  
County Judge  
Commissioner, Precinct #1  
Commissioner, Precinct #2  
Commissioner, Precinct #3  
Commissioner, Precinct #4  
County Sheriff  
County Attorney  
District Attorney  
County Tax Collector  
County Clerk  
District Clerk  
County Treasurer  
Justice of Peace, Precinct #1  
Justice of Peace, Precinct #2  
Justice of Peace, Precinct #3  
Justice of Peace, Precinct #4  
Justice of Peace, Precinct #6  
Constable, Precinct #1  
Constable, Precinct #2  
Constable, Precinct #3  
Constable, Precinct #4  
Constable, Precinct #6  
County Surveyor

Ben Hardin  
Craig Estlinbaum  
Nate McDonald  
Dan Pustka  
Kent Pollard  
James Gibson  
David J. Woodson  
Frank Osborne  
Denise Fortenberry  
Steven Reis  
Cristyn Hallmark  
Janet Hickl  
Becky Denn  
Tammy McDonald  
Jeannette Bell  
Suzan Thompson  
Jerry Purvis  
Mark Finlay  
Ray Taggart  
Raymond Green  
Frank Craft  
Pat Jewell  
Pete Medina  
Tom Ward  
James Rother

Appointed Officials

County Auditor  
Court Bailiff  
Child Support  
Ag Extension Agent  
Environmental Health Director  
Veterans Service Officer  
Emergency Management Director  
Emergency Management Coordinator  
Information Services

Cathy Ezell  
Bill Orton  
Marlene Wells  
Brent Batchelor  
Ruben Gonzales  
Jason Sanders  
Nate McDonald  
Doug Matthes  
Chris Peikert

## *Financial Section*





# ***Reed & Associates, PC***

*Certified Public Accountants*

*1717 8th Street, Suite 5*

*Bay City, Texas 77414*

*(979) 245-7361 ~ auditors@swbell.net*

## **Independent Auditor's Report**

To the Commissioners  
Matagorda County  
1700 Seventh Street  
Bay City, Texas 77414

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County ("the County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and schedule of funding progress for OPEB benefits identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Matagorda County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations", and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with "Government Auditing Standards", we have also issued our report dated May 28, 2014 on our consideration of Matagorda County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering Matagorda County's internal control over financial reporting and compliance.

Respectfully submitted,

Reed & Associates, PC  
Bay City, Texas  
May 28, 2014

## MATAGORDA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

This discussion and analysis of Matagorda County's financial performance provides a narrative overview of the County's financial activities for the fiscal year ended December 31, 2013. The information presented here should be read in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of Matagorda County's finances in a manner similar to private sector business. They present the financial picture of the County from an economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the County (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred in regards to interfund activity, payables and receivables.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Matagorda County is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year using full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and uncollected taxes).

Both of the government-wide statements distinguish between functions of Matagorda County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business activities). The governmental activities of the County include general government, justice, public safety, corrections and rehabilitation, health and human services, community and economic development, and infrastructure and environmental services.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Matagorda County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *current sources and uses of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

## MATAGORDA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund and the intergovernmental grants fund. Data from the other thirteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

**Proprietary funds.** *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. The Internal Service Fund (a type of proprietary fund) is used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-funded health insurance program. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

**Fiduciary funds.** *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for the fiduciary funds is much like that used for proprietary funds. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The County uses agency funds to account for various assets held for the benefit of others.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes disclose other pertinent information that, when taken in whole with the financial statements, provide a more detailed picture of the state of the finances of the County.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* that further explains and supports the information in the financial statements. The combining statements and individual fund budgetary comparison schedules are presented immediately following the required supplementary information.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The County's net position for the years ending December 31, 2013 and 2012 are summarized as follows:

### MATAGORDA COUNTY'S NET POSITION

	2013	2012	Variance
Current and other assets	\$ 29,415,169	\$ 26,587,260	\$ 2,827,909
Capital Assets	16,762,252	17,202,702	(440,450)
Total assets	46,177,421	43,789,962	2,387,459
Current and other liabilities	1,512,649	1,372,694	139,955
Long-term liabilities	7,356,562	5,626,675	1,729,887
Total liabilities	8,869,211	6,999,369	1,869,842
Total deferred inflow of resources	14,778,716	13,641,393	1,137,323

**MATAGORDA COUNTY****MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013****MATAGORDA COUNTY'S NET POSITION - CONTINUED**

	<u>2013</u>	<u>2012</u>	<u>Variance</u>
Net Investment in Capital Assets	15,782,772	16,401,437	(618,665)
Restricted For:			
Debt service	17,817	13,598	4,219
Legislative purposes	798,425	880,799	(82,374)
Unrestricted	<u>5,930,480</u>	<u>5,853,366</u>	<u>77,114</u>
Total net position	<u>\$ 22,529,494</u>	<u>\$ 23,149,200</u>	<u>\$ (619,706)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Matagorda County, assets exceeded liabilities by \$22,529,494 at the close of the most recent fiscal year.

Seventy percent (70%) of the County's net position, \$15,782,772, reflects its investment in capital assets less any debt used to acquire those assets that is still outstanding. The County uses capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current liabilities increased \$139,955, while deferred inflow of resources increased \$1,137,323. The County's OPEB obligation increased \$1,531,933.

The County's changes in net position for the years ended December 31, 2013 and 2012 are as follows:

**MATAGORDA COUNTY'S CHANGES IN NET POSITION**

	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>Variance</u>
Revenues:			
Program revenues:			
Fees, fines and charges for services	\$ 6,181,981	\$ 5,761,078	\$ 420,903
Operating grants and contributions	5,511,435	4,251,542	1,259,893
Capital Grants and Contributions	165,879	-	165,879
General revenues:			
Property taxes	13,732,189	12,758,819	973,370
Miscellaneous	97,781	33,357	64,424
Unrestricted investment earnings	<u>165,217</u>	<u>133,153</u>	<u>32,064</u>
Total revenues	<u>25,854,482</u>	<u>22,937,949</u>	<u>2,916,533</u>

# MATAGORDA COUNTY

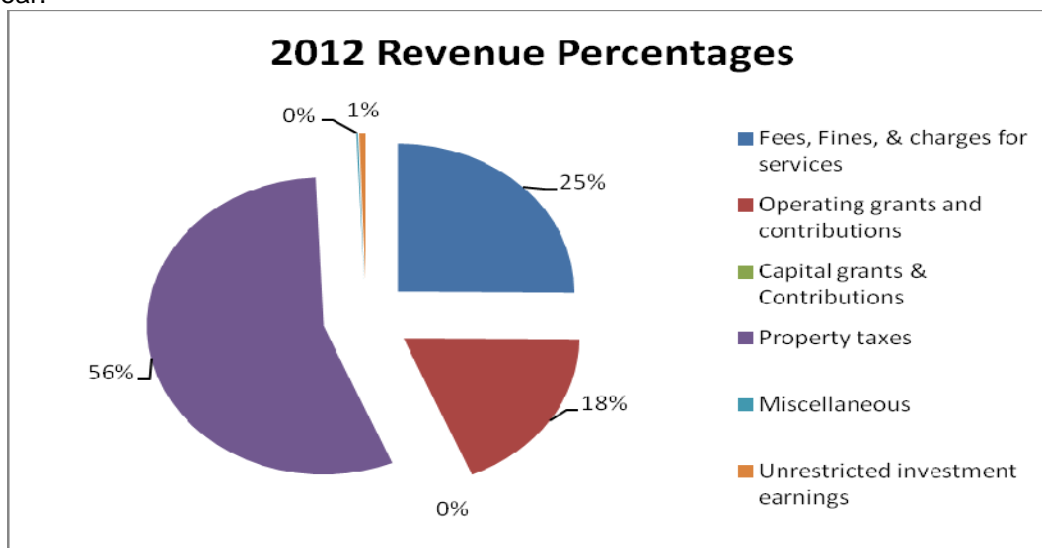
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

## MATAGORDA COUNTY'S CHANGES IN NET POSITION - CONTINUED

	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>Variance</u>
Expenses:			
General government	3,564,536	3,573,090	(8,554)
Justice system	3,492,513	3,393,214	99,299
Public safety	3,612,977	3,379,800	233,177
Corrections & rehabilitation	2,261,328	2,036,930	224,398
Health and human services	1,390,657	1,354,286	36,371
Community & economic development	5,213,574	1,324,645	3,888,929
Infrastructure and environmental svcs.	6,342,332	5,671,712	670,620
Intergovernmental	566,199	2,604,849	(2,038,650)
Interest on debt	30,073	37,868	(7,795)
Total expenses	<u>26,474,189</u>	<u>23,376,394</u>	<u>3,097,795</u>
Increase (decrease) in net position	<u>(619,707)</u>	<u>(438,445)</u>	<u>(181,262)</u>
Net position - beginning	23,149,201	23,715,867	(566,666)
Prior period adjustment	-	(128,222)	128,222
Net position - restated	<u>23,149,201</u>	<u>23,587,645</u>	<u>(438,444)</u>
Net position - ending	<u>\$ 22,529,494</u>	<u>\$ 23,149,200</u>	<u>\$ (619,706)</u>

Governmental activities decreased the County's net position by only \$619,707 compared to a prior year reduction of \$438,445. The following are some of the more significant factors contributing to the net change in position:

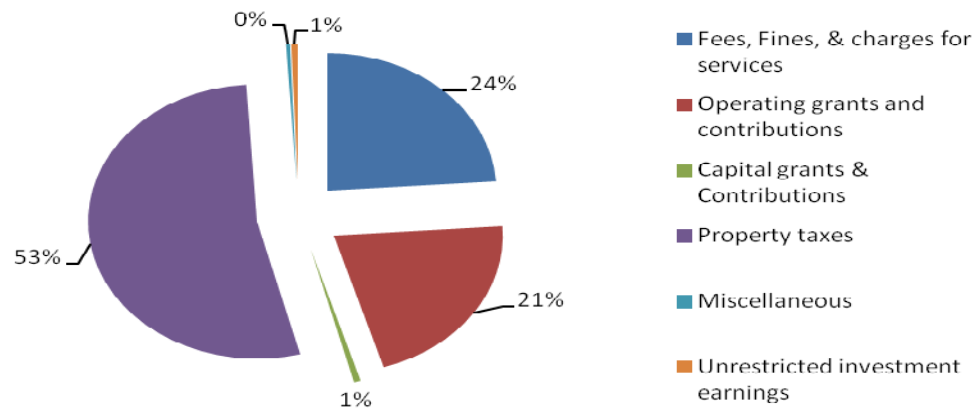
- Operating grants and contributions increased \$1,259,893, intergovernmental costs decreased \$2,038,650 as a result of these grants while community & economic development costs increased \$3,888,929 of which \$873,178 represented grant funds from the prior year.
- Tax revenue increased by \$973,370 as a result of a slight increase in value.
- Amortized other post employment benefits of \$1,531,933 were recognized.
- Depreciation expense decreased for the year by \$640,189 due to fully depreciated infrastructure assets in the prior year.



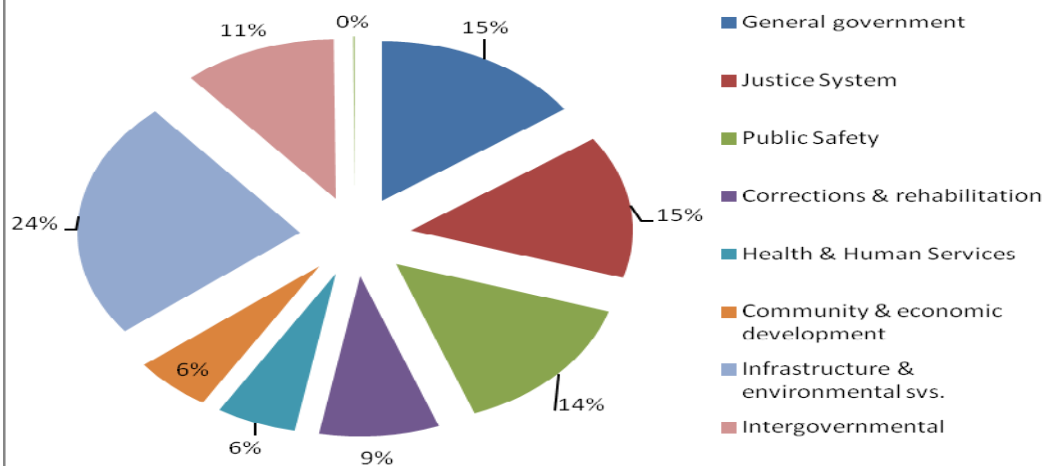
# MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

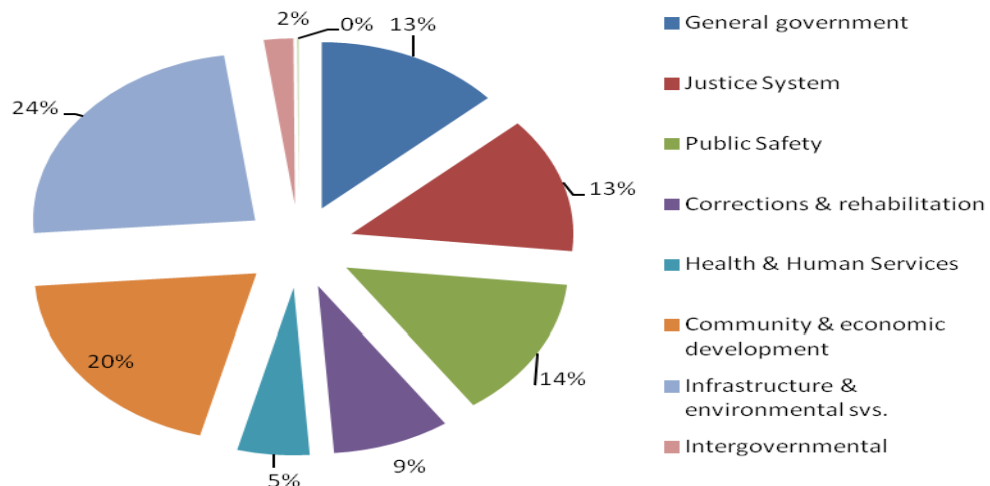
## 2013 Revenue Percentages



## 2012 Expense Percentages



## 2013 Expense Percentages



## MATAGORDA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

#### FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting and budget controls has been the framework of the County's strong fiscal management and accountability.

**Governmental funds.** The general government functions are reported in the General, Intergovernmental, Special Revenue, and Debt Service funds. The focus of the County's *governmental funds* is to provide information on current sources, uses, and balances of *spendable* resources. Such information is useful in determining the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$10,467,164. Approximately 77% of this amount (8.1 million) constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of fund balance is divided among *committed fund balance* of \$1,224,842, *restricted fund balance* of \$816,480 and *nonspendable fund balance* of \$337,040. The County's ability to spend each of these types of fund balance is more limited than with unassigned fund balance, and the limitations on spending are discussed more fully in the notes to the financial statements.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,088,794, while total fund balance was \$9,650,684. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.5 % of total general fund expenditures, and total fund balance represents 49.6% of that same amount.

The fund balance of Matagorda County's general fund increased by \$1,340,182 compared to a net increase of \$1,200,477 the prior year. Following are some of the more significant factors noted:

- As discussed above in the government-wide financial analysis, tax revenue was up \$973,370 as a result of increased values.
- Charges for services revenue increased \$211,435 over the prior year caused by increased services being provided and an increase in various service fees.
- Community and economic development expenditures were less than reported in the prior year due to the purchase of capital equipment in the prior year.

**Proprietary funds.** The County has only one proprietary fund type which is an internal service fund. This internal service fund is used to account for a self-funded health insurance program. The fund for 2013 had an operating income of \$12,879 as compared to last year's loss of \$75,855. Administration and claims expenses increasing by \$2,041, prescription costs increasing by \$103,745 resulted in a total increase in expenses of \$29,968. In addition, the employer, employee and retiree/cobra contributions were higher resulting in the overall positive result for the year.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The Commissioners' Court approved several increases to budgeted revenues and appropriations. The most significant amendment was to Infrastructure & Environmental Services as a result of the addition of Transfer Station services returning to the County and the purchase of gradall for Precinct #1.

Actual expenditures were less than appropriations. The actual expenditures were under spent as a result of projects for the court house being delayed and the changing of key staff members in various departments like Juvenile Probation.



# MATAGORDA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

## CAPITAL ASSETS AND LONG-TERM DEBT

The following table lists the County's investment in capital assets as of December 31, 2013

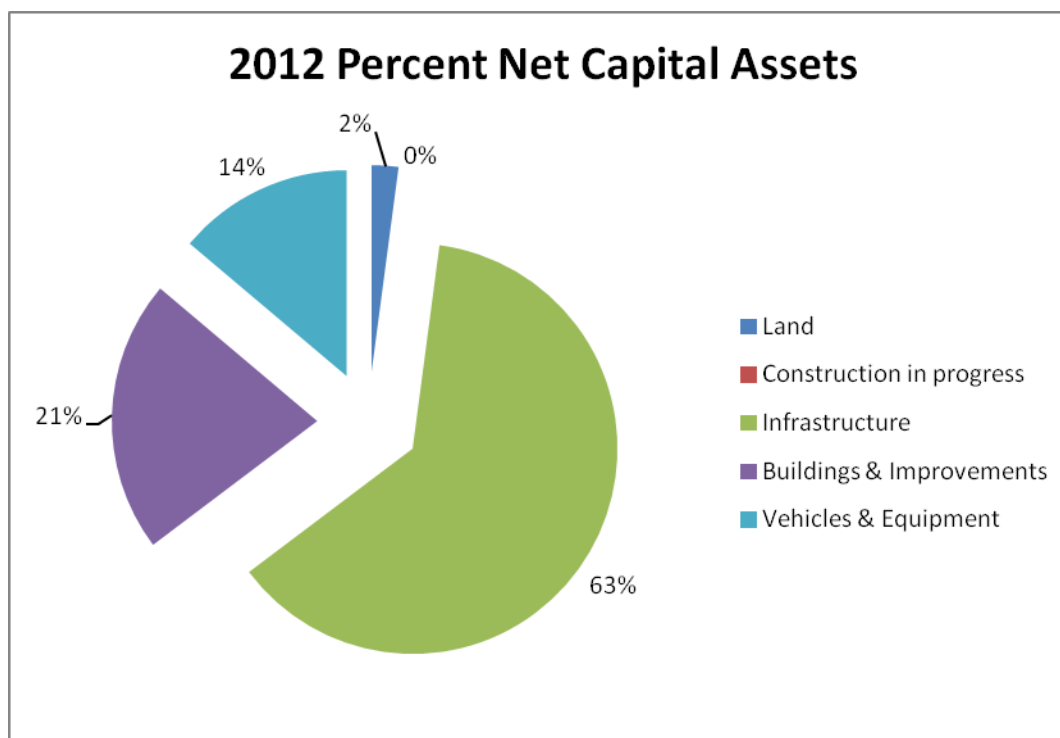
### MATAGORDA COUNTY'S CAPITAL ASSETS Net of Accumulated Depreciation

	Balances 12/31/2012	Increases	Decreases	Balances 12/31/2013
Land	\$ 1,349,101	\$ -	\$ -	\$ 1,349,101
Construction in Progress	-	165,879	-	165,879
Infrastructure	40,378,051	1,490,910	383,400	41,485,561
Buildings and improvements	13,800,822	-	-	13,800,822
Vehicles and equipment	8,930,502	1,027,224	353,077	9,604,649
Less accumulated depreciation	(47,255,773)	(3,061,513)	(673,524)	(49,643,762)
	<u>\$ 17,202,703</u>	<u>\$ (377,500)</u>	<u>\$ 62,953</u>	<u>\$ 16,762,250</u>

**Capital assets.** The County's investment in capital assets for its governmental activities as of December 31, 2013 amounts to \$17,202,697 (net of accumulated depreciation). This investment in capital assets includes land; buildings and improvements; equipment and vehicles; and infrastructure for roads and bridges. Overall, the capital assets decreased by \$ 192,807. The main decrease in capital assets is \$2,484,277 in depreciation expense and capital asset disposal offset by increases noted below.

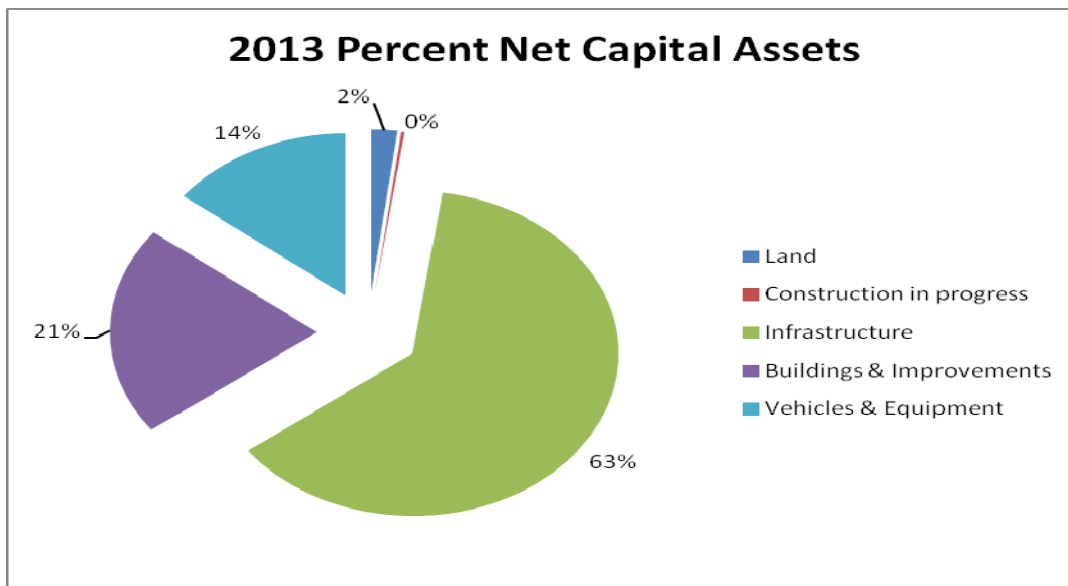
- Reworking of existing roads and bridges.
- Purchase of law enforcement vehicles.
- Purchase of equipment for road construction

Additional information of Matagorda County's capital assets can be found in note D of this report.



## MATAGORDA COUNTY

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013



**Long-term debt.** In September of 2006 the county issued Certificates of Obligation in the amount of \$1,515,000 for the purpose of expansion of the jail facility. The obligation will be paid semiannually over a period of ten years at an interest rate of 4.69%. During the current fiscal year, the County's debt decreased by \$155,000 as a result of a scheduled payment and the outstanding balance as of December 31, 2013 is \$520,000. The County entered into a long-term capital leases for the purchase of a motor grader in 2011 at a cost of \$210,820, the purchase of a motor grader in 2013 at a cost of \$235,865, and the purchase of a gradall in 2013 at a cost of \$221,000. The balance remaining as of December 31, 2013 is \$459,478.

Additional information on Matagorda County's long-term debt can be found in note J of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The annual budget is developed to provide efficient, effective and controlled use of the County's resources. Through the budget the County Commissioners set the direction of the County, allocate its resources and establish its priorities. The 2014 budget was adopted on August 2, 2013 with General Fund expenditures of \$20.1 million, and a revenue budget or \$20.1 million.

The Commissioners' Court adopted a maintenance and operation tax rate of .31695 per \$100 assessed valuation. The court also adopted an interest and sinking tax rate of .00404.

The main factors affecting the 2014 Budget were as follows:

- A reduction in budgeted revenue for emergency response fee.
- Increase in expected tax revenues in the amount of 1.05 million as a result of increased values.
- An increase in budgeted payroll and benefits, 5% for employees, and no increase for elected and appointed officials of the county.

### REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Matagorda County Auditor, 1700 7<sup>th</sup> Street, Room 326, Bay City, Texas 77414, or call (979) 244-7611.

## *Basic Financial Statements*



**MATAGORDA COUNTY**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,406,760
Receivables ( net of allowances for uncollectibles):	
Taxes receivable	11,989,869
Other receivables	2,527,983
Prepaid items	361,523
Interest receivable	22,278
Purchased interest receivable	535
Investments	11,106,221
Capital Assets (net of accumulated depreciation):	
Land	1,349,103
Construction in progress	165,879
Buildings	8,096,366
Improvements	292,802
Infrastructure	4,110,137
Equipment	2,747,965
Total Assets	<u>46,177,421</u>
<b>LIABILITIES</b>	
Accounts payable	576,274
Claims payable	157,736
Due to other governments	189,645
Due to others	207,423
Accrued interest payable	11,211
Unearned revenue	347,400
Escrow reserves	22,960
Noncurrent Liabilities:	
Due within one year	421,433
Due in more than one year	6,935,129
Total Liabilities	<u>8,869,211</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue - current taxes	14,778,716
Total deferred inflows of resources	<u>14,778,716</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	15,782,772
Restricted For:	
Debt service	17,817
Legislative purposes	798,425
Unrestricted	5,930,480
Total Net Position	<u>\$ 22,529,494</u>

The accompanying notes are an integral part of this statement.

# MATAGORDA COUNTY

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Government Activities:					Governmental Activities
General government	\$ 3,564,536	\$ 1,304,741	\$ 180,366	\$ --	\$ (2,079,429)
Justice system	3,492,513	1,062,915	555,019	--	(1,874,579)
Public safety	3,612,977	3,323,250	127,837	--	(161,890)
Corrections and rehabilitation	2,261,328	109,428	6,031	--	(2,145,869)
Health and human services	1,390,657	63,339	--	--	(1,327,318)
Community and economic development	5,213,574	188,626	133,008	--	(4,891,940)
Infrastructure and environmental services	6,342,332	129,682	3,942,975	165,879	(2,103,796)
Intergovernmental	566,199	--	566,199	--	--
Interest and fees on debt	30,073	--	--	--	(30,073)
Total governmental activities	26,474,189	6,181,981	5,511,435	165,879	(14,614,894)
Total Primary Government	\$ 26,474,189	\$ 6,181,981	\$ 5,511,435	\$ 165,879	(14,614,894)
General Revenues:					
Property taxes					13,732,189
Miscellaneous					97,781
Unrestricted investment earnings					165,217
Total General Revenues					13,995,187
Change in Net Position					(619,707)
Net Position - Beginning					23,149,201
Net Position - Ending					\$ 22,529,494

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY****BALANCE SHEET - GOVERNMENTAL FUNDS**

DECEMBER 31, 2013

	General Fund	CDBG Disaster Recovery	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 573,806	\$ --	\$ 997,174	\$ 1,570,980
Receivables ( net of allowances for uncollectibles):				
Taxes	11,839,620	--	150,249	11,989,869
Other receivables	2,450,343	30,030	47,610	2,527,983
Prepaid items	337,048	--	--	337,048
Due from other funds	24,525	--	--	24,525
Interest receivable	22,278	--	--	22,278
Purchased Interest receivable	535	--	--	535
Investments	11,106,221	--	--	11,106,221
Total Assets	<u>\$ 26,354,376</u>	<u>\$ 30,030</u>	<u>\$ 1,195,033</u>	<u>\$ 27,579,439</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 511,930	\$ 30,030	\$ 33,755	\$ 575,715
Due to other governments	189,644	--	1	189,645
Due to other funds	--	--	50	50
Due to others	175,067	--	32,356	207,423
Unearned revenue	543,515	--	117,575	661,090
Escrow reserves	22,960	--	--	22,960
Total Liabilities	<u>1,443,116</u>	<u>30,030</u>	<u>183,737</u>	<u>1,656,883</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - delinquent taxes	669,535	--	7,141	676,676
Unearned revenue - current taxes	14,591,041	--	187,675	14,778,716
Total deferred inflows of resources	<u>15,260,576</u>	<u>--</u>	<u>194,816</u>	<u>15,455,392</u>
<b>FUND BALANCES (DEFICITS)</b>				
Non-spendable:				
Prepaid items	337,048	--	--	337,048
Restricted for:				
Debt service	--	--	18,055	18,055
Legislative purposes	--	--	798,425	798,425
Committed for:				
Precincts	1,224,842	--	--	1,224,842
Unassigned	8,088,794	--	--	8,088,794
Total Fund Balances (Deficits)	<u>9,650,684</u>	<u>--</u>	<u>816,480</u>	<u>10,467,164</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 26,354,376</u>	<u>\$ 30,030</u>	<u>\$ 1,195,033</u>	<u>\$ 27,579,439</u>

The accompanying notes are an integral part of this statement.

# MATAGORDA COUNTY

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2013

Total fund balances - governmental funds balance sheet \$ 10,467,164

Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets used in governmental activities are not reported in the funds.	16,762,250
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	676,676
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	1,497,662
Payables for capital leases which are not due in the current period are not reported in the funds.	(459,480)
Payables for bond interest which are not due in the current period are not reported in the funds.	(11,211)
Payables for notes which are not due in the current period are not reported in the funds.	(520,000)
Payables for compensated absences which are not due in the current period are not reported in the funds.	(272,385)
Other long-term liabilities which are not due and payable in the current period are not reported in the funds.	(6,104,697)
Court fines receivable unavailable to pay for current period expenditures are deferred in the funds.	493,515

Net position of governmental activities - Statement of Net Position \$ 22,529,494

The accompanying notes are an integral part of this statement.



**MATAGORDA COUNTY**

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013*

	General Fund	CDBG Disaster Recovery	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 13,603,920	\$ --	\$ 186,954	\$ 13,790,874
Licenses and permits	780,770	--	--	780,770
Intergovernmental	638,524	4,077,270	963,423	5,679,217
Charges for services	4,492,664	--	200,213	4,692,877
Fines	359,083	--	--	359,083
Investment income	163,215	--	6,976	170,191
Miscellaneous	283,843	--	39,951	323,794
Total revenues	<u>20,322,019</u>	<u>4,077,270</u>	<u>1,397,517</u>	<u>25,796,806</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,028,396	--	234,325	3,262,721
Justice system	2,723,194	--	414,826	3,138,020
Public safety	3,198,089	--	8,157	3,206,246
Corrections and rehabilitation	2,057,855	--	44,302	2,102,157
Health and human services	1,283,214	--	--	1,283,214
Community and economic development	988,034	--	3,292	991,326
Infrastructure and environmental services	5,073,825	3,911,391	--	8,985,216
Intergovernmental	--	--	566,199	566,199
Capital outlay	979,209	165,879	--	1,145,088
Debt service:				
Principal	123,751	--	155,000	278,751
Interest and fees on debt	4,735	--	28,023	32,758
Total expenditures	<u>19,460,302</u>	<u>4,077,270</u>	<u>1,454,124</u>	<u>24,991,696</u>
Excess (deficiency) of revenues over (under) expenditures	<u>861,717</u>	<u>--</u>	<u>(56,607)</u>	<u>805,110</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	27,500	--	6,000	33,500
Transfers out	(6,000)	--	(27,500)	(33,500)
Capital lease proceeds	456,965	--	--	456,965
Total other financing sources (uses)	<u>478,465</u>	<u>--</u>	<u>(21,500)</u>	<u>456,965</u>
Net change in fund balances	1,340,182	--	(78,107)	1,262,075
Fund balances - beginning	8,310,502	--	894,587	9,205,089
Fund balances - ending	<u>\$ 9,650,684</u>	<u>\$ --</u>	<u>\$ 816,480</u>	<u>\$ 10,467,164</u>

The accompanying notes are an integral part of this statement.

## MATAGORDA COUNTY

*RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013*

Net change in fund balances - total governmental funds	\$ 1,262,075
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,684,014
The depreciation of capital assets used in governmental activities is not reported in the funds.	(3,124,464)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	(58,685)
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	123,751
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	155,000
(Increase) decrease in accrued interest from beginning of period to end of period.	2,685
The net revenue (expense) of internal service funds is reported with governmental activities.	228,193
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	(19,739)
Other post employment benefites are reported as the amount earned in the SOA but as the amount paid in the	(1,531,933)
Revenues in the SOA for court fines not providing current financial resources are not reported in the funds.	116,361
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	<u>(456,965)</u>
Change in net position of governmental activities - Statement of Activities	\$ <u><u>(619,707)</u></u>

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY**  
**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**DECEMBER 31, 2013**

Nonmajor  
Internal Service  
Fund

---

Insurance  
Fund

---

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	1,835,780
Prepaid expenses		24,475
Total Assets	\$	<u>1,860,255</u>

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$	559
Claims payable		157,736
Due to other funds		24,475
Deferred revenue		179,825
Total Liabilities		<u>362,595</u>

**NET POSITION**

Unrestricted		1,497,660
Total net position	\$	<u><u>1,497,660</u></u>

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY****STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - INTERNAL SERVICE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Nonmajor Internal Service Fund
	Insurance Fund
<b>OPERATING REVENUES</b>	
Employer contributions	\$ 2,452,286
Employee contributions	201,301
Retiree/Cobra contributions	84,195
Special district contributions	222,535
Total Operating Revenues	<u>2,960,317</u>
<b>OPERATING EXPENSES</b>	
Administrative expenses	506,467
Retiree premiums	262,780
Claims expense	1,450,706
Prescriptions	525,050
Total Operating Expenses	<u>2,745,003</u>
Operating Income (Loss)	<u>215,314</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest revenue	12,879
Total Non-operating Revenues (Expenses)	<u>12,879</u>
Change in Net Position	228,193
Total net position - beginning	1,269,467
Total net position - ending	<u><u>\$ 1,497,660</u></u>

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY****STATEMENT OF CASH FLOWS****INTERNAL SERVICE FUND****FOR THE YEAR ENDED DECEMBER 31, 2013**

	Nonmajor Internal Service Fund
	Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from interfund services provided	\$ 2,651,742
Cash received from external users	306,730
Cash payments for administration	(793,434)
Cash payments for claims	(2,019,253)
Net Cash Provided (Used) by Operating Activities	<u>145,785</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
Interfund loan	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u>--</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest and dividends on investments	<u>12,879</u>
Net Cash Provided (Used) for Investing Activities	<u>12,879</u>
Net Increase (Decrease) in Cash and Cash Equivalents	158,664
Cash and Cash Equivalents at Beginning of Year	1,677,116
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,835,780</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPEARTING ACTIVITIES:</b>	
Operating Income (Loss)	\$ <u>215,314</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities:	
(Increase) decrease in accounts receivable	380
(Increase) decrease in prepaid expenses	(24,475)
Increase (decrease) in accounts payable	273
Increase (decrease) in interfund balance	14
Increase (decrease) in claims payable	(43,497)
Increase (decrease) in deferred revenue	(2,224)
Total Adjustments	<u>(69,529)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 145,785</u></u>

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY***STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**DECEMBER 31, 2013*

	Agency Funds
	<hr/>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,333,569
Total Assets	<u>\$ 1,333,569</u>
 <b>LIABILITIES</b>	
Due to other governments	\$ 158,271
Due to others	<u>1,175,298</u>
Total Liabilities	<u>1,333,569</u>
 <b>NET POSITION</b>	
Unrestricted	<u>--</u>
Total Net Position	<u><u>\$ --</u></u>

The accompanying notes are an integral part of this statement.

**MATAGORDA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**A. Summary of Significant Accounting Policies**

**1. Description of government-wide financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

**2. Reporting entity**

Matagorda County was established in 1836 by the Republic of Texas. Commissioners elected from each of four precincts serve as the governing body with the elected County Judge as the head of this body. The Commissioners and County Judge oversee all functions of general government applicable to the County as provided by state statutes.

The County's basic financial statements include the accounts of all its operations. The County evaluated whether any other entity should be included in these financial statements using the criteria as set forth in GASB Statement No. 14, "The Financial Reporting Entity." Based on these criteria, the County has no component units. Additionally, the County is not a component unit of any other reporting entity as defined by the GASB Statement.

**3. Basis of presentation – government-wide financial statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**4. Basis of presentation – fund financial statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The community development block grant (CDBG) special revenue fund accounts for federal grant funds. The primary objective of this program is the development of viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities.

Additionally, the County reports the following fund types:

Internal service funds account for health benefits provided to County employees, retirees and dependents. Contributions to the fund consist of charges to the participating entities for covered employees along with contributions from employees and retirees.

The agency fund accounts for District Clerk, County Clerk and Inmate trust funds held for the benefit of others and the Tax Assessor Collector funds collected on behalf of others.

## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

#### **5. Measurement focus and basis of accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary fund is reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

#### **6. Budgetary information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and following special revenue funds: district attorney legal/law, sheriff & jail discretionary, county clerk preservation & automation, countywide records mgmt preservation, courthouse security, justice court technology, district clerk records mgmt preservation and county & district court technology. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.



## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

The appropriated budget is prepared by fund, department and category. The department heads may make transfers of appropriations within a category; however, transfers of appropriations between categories require the approval of Commissioners Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the category level.

Appropriations in all budgeted funds lapse at the end of the fiscal year. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, the four precinct unexpended budgets are re-appropriated and become part of the subsequent year's budget pursuant to action by Commissioners Court.

#### **7. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance**

##### Cash and cash equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

##### Investments

Investments for the County are reported at fair value (generally based on quoted market prices) except for the position in Government Investment Pool (Pool). In accordance with state law, the Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The Pool is subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

##### Inventories and prepaid items

Inventories on the balance sheet are stated at historical cost. Inventory items are recorded as expenditures when they are consumed on a first in first out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures or expenses when consumed rather than when purchased.

##### Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges and similar items), are reported in the governmental activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the County chose to include items from 1980 forward as permitted by GASB. The County was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

**MATAGORDA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Asset Class	Estimated Useful Lives
Infrastructure	15-40
Buildings	40-60
Improvements	10-20
Vehicles & office equipment	3-8
Other Equipment	5-20

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The County does not have any items that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The items "unavailable" and "unearned" revenue are reported in the governmental funds balance sheet and only "unearned" in the government-wide statement of net position. The "unavailable" source represents the uncollected delinquent taxes receivable while the "unearned" represents the October 1 tax levy used to finance next years budget. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available and earned for governmental funds and earned for government-wide.

Net position flow assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision-making authority. The Commissioners Court is the highest level of decision-making authority for the County that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken, the adoption of a resolution to remove or revise the Limitation.

## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. Although Commissioners Court has not authorized another to assign fund balance, they may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **8. Revenues and expenditures/expenses**

##### Program revenues

Amounts reported as program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

##### Property taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the fiscal year.

##### Compensated absences

It is the County's policy to permit employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Accumulated sick leave lapses when employees leave the employ of the County and, upon separation from service, no monetary obligation exists.

##### Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service fund are charges to the County and employees for health insurance. Operating expenses for the internal service fund includes the cost of medical claims, prescriptions and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **B. Deposits and Investments**

##### Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. Consistent with the requirements of the Public Funds Collateral Act, it is the policy of The County to require full collateralization of all County investments and funds on deposit with a depository bank, other than investments, which are obligations of the U.S. government and its agencies and instrumentalities. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the FDIC.

# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

The County's cash deposits at December 31, 2013 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

### Investments:

Within the guidelines provided in Government Code 10 (Chapter 2256), Public Funds Investment Act (short title), and subject to such other restrictions as may be imposed by the Commissioners Court by resolution or order, the Commissioners Court of Matagorda County, Texas is authorized to invest in obligations of or guaranteed by governmental entities, certificates of deposit, repurchase agreements, commercial paper, mutual funds and public fund investments pools.

The County's investments at December 31, 2013 are shown below.

Investment or Investment Type	Maturity	Rating	Fair Value	Concentration of Credit Risk
Federal National Mortgage Association	3-5 yrs	Aa+	\$ 2,750,000	24.76%
Federal Farm Credit Bank	3-5 yrs	Aa+	100,000	0.90%
Federal Home Loan Bank	3-5 yrs	Aa+	1,500,000	13.51%
Federal Home Loan Mortgage Corporation	3-5 yrs	Aa+	1,625,000	14.63%
Harlingen Consolidated ISD	3-5 yrs	Aaa	104,206	0.94%
Freddie MAC	3-5 yrs	Aa+	200,000	1.80%
Freddie MAC	1-3 yrs	Aa+	300,000	2.70%
Certificates of Deposit	1-3 yrs	FDIC	559,784	5.04%
Certificates of Deposit	3-5 yrs	FDIC	3,523,143	31.72%
Tennessee Valley Authority STRIP	3-5 yrs	Not Rated	193,431	1.74%
Federal National Mortgage Association STRIP	1-3 yrs	Not Rated	118,025	1.06%
Federal Judiciary	1-3 yrs	Not Rated	132,632	1.19%
Total Investments			<u>\$ 11,106,221</u>	

Interest rate risk: In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the stated maturity of its investment portfolio to a maximum of five years.

Credit risk: The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. The above table indicates the credit rating by Standard & Poor's at December 31, 2013 by investment type. It is County policy to diversify the investment portfolio, display prudence in selecting investments and never invest in anything that jeopardizes the total capital position of the overall portfolio.

Concentration of credit risk: It is the intent of the County to diversify the investment instruments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The asset allocation in the portfolio should, however, be flexible depending upon the outlook for the economy and the securities markets.

### C. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the major funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

	General	CDBG Grant	Nonmajor Governmental	Totals
Taxes	\$ 11,943,221	\$ --	\$ 150,661	\$ 12,093,882
Less allowance	(103,601)	--	(412)	(104,013)
	<u>\$ 11,839,620</u>	<u>\$ --</u>	<u>\$ 150,249</u>	<u>\$ 11,989,869</u>

# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Other Receivables	\$ 47,614	\$ --	\$ 447	\$ 48,061
Taxes and Tax Statements	1,595,508	--	20,129	1,615,637
Grants	39,403	30,030	27,034	96,467
Fines and Fees	8,719,777	--	--	8,719,777
Less allowance	(7,951,959)	--	--	(7,951,959)
	<u>\$ 2,450,343</u>	<u>\$ 30,030</u>	<u>\$ 47,610</u>	<u>\$ 2,527,983</u>

With the exception of property taxes, fines and fees, all receivables are expected to be collected within one year.

### D. Capital Assets

Capital asset activity for the year ended December 31, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<u>Governmental activities:</u>				
Capital assets not being depreciated:				
Land	\$ 1,349,101	\$ --	\$ --	\$ 1,349,101
Construction in Progress	--	165,879	--	165,879
	<u>1,349,101</u>	<u>165,879</u>	<u>--</u>	<u>1,514,980</u>
Capital assets being depreciated:				
Infrastructure	40,378,051	1,490,910	383,400	41,485,561
Buildings and improvements	13,800,822	--	--	13,800,822
Vehicles and equipment	8,930,502	1,027,224	353,077	9,604,649
Total capital assets being depreciated	<u>63,109,375</u>	<u>2,518,134</u>	<u>736,477</u>	<u>64,891,032</u>
Less accumulated depreciation for:				
Infrastructure	35,434,406	2,280,627	339,609	37,375,424
Buildings and improvements	5,106,052	305,602	--	5,411,654
Vehicles and equipment	6,715,315	475,284	333,915	6,856,684
Total accumulated depreciation	<u>47,255,773</u>	<u>3,061,513</u>	<u>673,524</u>	<u>49,643,762</u>
Total capital assets being depreciated, net	<u>15,853,602</u>	<u>(543,379)</u>	<u>62,953</u>	<u>15,247,270</u>
Governmental activities capital assets, net	<u>\$ 17,202,703</u>	<u>\$ (377,500)</u>	<u>\$ 62,953</u>	<u>\$ 16,762,250</u>

Depreciation expense of \$3,061,513 and net asset disposals of \$62,953 were charged to functions as follows:

General government	\$ 137,875
Justice system	130,933
Public safety	130,416
Corrections and rehabilitation	78,599
Health and human services	52,258
Community and economic development	51,114
Infrastructure and environmental services	2,543,271
	<u>\$ 3,124,466</u>

### E. Pension Obligations

#### Plan Description

The County's pension plan ("Plan") is a non-traditional, joint contributory, defined benefit plan which provides retirement, disability and death benefits to Plan members and beneficiaries through its affiliation with the Texas County and District Retirement System ("TCDRS"), an agent multiple-employer public employee retirement system with 641 members. TCDRS operates under the authority of Texas Government Code, Title 8, Subtitle G. The Texas legislature has the authority to establish or amend benefit provisions and the governing body of the County adopts the plan provisions within the options and constraints established by the legislature.

## MATAGORDA COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

TCDRS issues a publicly available financial report that includes financial statements and required supplementary information for TCDRS. That report may be obtained by writing to Texas County District Retirement System, P.O. Box 2034, Austin, TX 78768-2034 or calling (800) 823-7782.

#### Funding Policy

Plan members are required to contribute 7% of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 13.78% of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by the TCDRS Board of Trustees.

#### Annual Pension Cost and net pension asset

The County's annual pension cost, percentage contributed and net pension asset for the current and two preceeding years were as follows:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
12/31/13	\$ 953,628	100%	--
12/31/12	\$ 846,713	100%	--
12/31/11	\$ 862,051	100%	--

#### Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$ 30,232,069
Actuarial value of plan assets	\$ 23,865,066
Unfunded or (overfunded) actuarial accrued liability	\$ 6,367,003
Funded ratio (actuarial value of plan assets/AAL)	78.94%
Covered payroll (annual payroll of active employees)	\$ 7,228,971
UAAL or (OAAL) as a percentage of covered payroll	88.08%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

The ARC for the plan was determined as part of the December 31, 2011 actuarial valuation using the following methods and assumptions:

Actuarial cost method	entry age
Amortization method	level, closed
Remaining amortization	20
Inflation rate	3.50%
Asset valuation method	10 yr smoothed
Investment return	8.00%
Projected salary increases	5.40%
Cost of living adjustments	None

#### F. Other Postemployment Benefit (OPEB) Obligations

##### Plan Description

The County, through its substantive commitment to provide other post-employment benefits (OPEB), maintains a single-employer defined benefit plan to provide certain postretirement healthcare benefits to all retired employees who qualified under the Texas County District Retirement System and are currently receiving retirement (pension) income. Such benefits are not available to members' spouses or dependents; rather, only to former employees as previously described. Specific details of the Plan include the provision of certain hospitalization, major medical insurance and prescription drug coverage.

## MATAGORDA COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

These benefits are provided through insurance companies. The County is under no statutory or contractual obligation to provide these postretirement healthcare benefits. Because the Plan consists solely of the County's firm commitment to provide OPEB through the payment of premiums on behalf of its eligible retirees, no stand-alone financial report is either available or generated.

#### Funding Policy

The County pays the cost of the postemployment health care benefits for retirees during the life of the retiree. Retirees may elect to continue health care benefits for their spouse and family at their own expense. Substantially all of the government's employees may become eligible for these benefits if they reach normal retirement age while working for the government. The plan is financed on a pay as you go basis.

#### Annual OPEB Cost and Net OPEB Obligation

The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The following table illustrates the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 2,282,370
Interest on prior year net OPEB obligation	182,911
Amortiation of prior year net OPEB obligation	(259,308)
Total annual OPEB cost	2,205,973
Contributions made	(674,040)
Increase in net OPEB obligation	1,531,933
Net OPEB obligation - beginning of year	4,572,764
Net OPEB obligation - end of year	<u>\$ 6,104,697</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013, 2012 and 2011 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation End of Year
12/31/11	\$ 1,798,851	\$ 528,840	29.40%	\$ 3,327,908
12/31/12	\$ 1,798,851	\$ 553,995	30.80%	\$ 4,572,764
12/31/13	\$ 2,205,973	\$ 674,040	30.56%	\$ 6,104,697

#### Funding Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the Plan was not funded. The actuarial present value of accrued liability for past and future service benefits equaled \$19,565,090 and there were \$0 in actuarial valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same. The total payroll (annual payroll of active employees) was \$8,162,581, and the ratio of the UAAL to the covered payroll equaled 239.69%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the County maintains no Plan assets, information relative to Plan asset required disclosures is not applicable.

**MATAGORDA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the County and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and Plan members to that Point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the Calculations.

The annual required contribution rate for the plan was determined as part of the January 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial cost method	proj unit cost
Amortization method	level, open
Remaining amortization	30 years
Inflation rate	3.00%
Asset valuation method	None
Investment return	1.00%
Projected salary increases	None
Cost of living adjustments	None
Healthcare cost trend rate	9.00%

**G. Risk Management**

The County is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2013, the County obtained general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities via interlocal agreement and forming a risk pool ("Pool"). The Pool is a legally separate entity operating as a common risk management and insurance program and is administered by TriStar Risk Management. The Pool provides third party liability, public officials liability, automobile liability, workers compensation, blanket crime coverage and property coverage. The County pays an annually determined premium to the pool for its share of the above insurance coverage. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. Latest audited financial statements for the self-insured pool can be obtained by contacting PO Box 327, Bay City, Tx 77404-0327.

The County continues to carry insurance for other risks of loss through a group purchasing cooperative. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

**H. Health Care Coverage**

During the year ended December 31, 2013 employees of the County were covered by a health insurance plan (the Plan). The County contributed monthly per employee, spouse, child and family to the Plan. Employees, at their option, authorized payroll withholdings to pay contributions for dependents in excess of the County contribution. All contributions were paid to a third party administrator, acting on behalf of the self-funded Pool. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual Agreement. The contract between the County and the third party administrator is renewable October 1, 2014, and terms of coverage and contribution costs are included in the contractual provisions. In accordance with state statute, the County was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Association of Counties Health Employee Benefit Program and Blue Cross Blue Shield of Texas, a commercial insurer licensed or eligible to do business in Texas in accordance with the Texas Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$100,000 and for aggregate loss. Other governmental entities and/or their employees contributed to the self-insurance pool which was operated under contractual provisions of Article 4413(32c), Interlocal Cooperation Act. Each member to the extent its benefit plan is self-insured, remains responsible for the payment of benefits under the benefit plan in the event HEBP fails to make such payments.



# MATAGORDA COUNTY

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

The internal service fund is funded by charges to the County's other funds and other governmental units and is based upon a predetermined fixed amount per employee, spouse, child and family. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The County considers claims paid in the three months following the fiscal year end to be a reasonable estimate of claims liability.

Changes in the balance of claims liabilities during the past three years are as follows:

	2011	2012	2013
Unpaid claims, beginning	\$ 814,503	\$ 313,815	\$ 201,333
Claims incurred	1,487,507	1,935,932	1,975,656
Claims paid	(1,988,195)	(2,048,514)	(2,019,253)
Unpaid claims, ending	<u>\$ 313,815</u>	<u>\$ 201,233</u>	<u>\$ 157,736</u>

### I. Lease Obligations

The County entered into lease agreements as lessee for financing the acquisition of road equipment valued at \$667,785. The equipment has a twenty year estimated useful life with year to date depreciation of \$28,810. These lease agreements qualify as a capital lease for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2013 were as follows:

Year ending December 31,	Governmental Activities
2014	\$ 204,384
2015	137,678
2016	137,678
Total minimum lease payments	<u>479,740</u>
Less: amount representing interest	<u>(20,262)</u>
Present value of minimum lease payments	<u>\$ 459,478</u>

### J. Long-Term Obligations

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended December 31, 2013, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<u>Governmental activities:</u>					
Certificates of Obligation	\$ 675,000	\$ --	\$ 155,000	\$ 520,000	165,000
Capital leases*	126,265	456,965	123,752	459,478	194,474
Compensated absences *	252,646	284,209	264,468	272,387	61,959
Net OPEB Obligation*	4,572,764	2,205,973	674,040	6,104,697	--
Total governmental activities	<u>\$ 5,626,675</u>	<u>\$ 2,947,147</u>	<u>\$ 1,217,260</u>	<u>\$ 7,356,562</u>	<u>\$ 421,433</u>

\* The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Capital leases	Governmental	General
Compensated absences	Governmental	General
Net OPEB Obligation	Governmental	General

## MATAGORDA COUNTY

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2013

Debt service requirements on long-term debt at December 31, 2013, are as follows:

Certificates of obligation of \$1,515,000, issued August 15, 2006 bearing interest at 4.69% and maturing March 15, 2016 were issued for the purpose of jail expansion.

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 165,000	\$ 20,519	\$ 185,519
2015	175,000	12,546	187,546
2016	180,000	4,221	184,221
Totals	\$ 520,000	\$ 37,286	\$ 557,286

#### K. Fund Balance

In the November 28, 2011 minutes, the Commissioners agreed to commit fund balances for each of the four precincts unspent budgeted funds at year end to be added to the subsequent years approved budget upon completion of the audit. The following schedule presents details of restricted net position for legislative purposes at December 31, 2013:

	Other Governmental Funds
Restricted for legislative purposes:	
District attorney legal/law	\$ 116,847
Sheriff & jail discretionary	24,832
County clerk preservation & automation	443,535
Countywide records management preservation	46,609
Courthouse security	37,638
Justice court technology	57,904
District clerk records management preservation	40,743
County & district court technology	26,598
Historical commission	3,343
Local emergency planning	376
	<u>\$ 798,425</u>

#### L. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$ 50
General	Internal service fund	24,475
		<u>\$ 24,525</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. With the exception of the \$50 which represents imprest funds, all interfund balances are expected to be collected in the subsequent year.

#### M. Interfund Transfers

During the year, nonmajor governmental funds transferred \$27,500 in resources to the general fund to reimburse for supplemental pay using specially earmarked funds and the general fund transferred \$6,000 to nonmajor governmental funds to supplement resources.

## **MATAGORDA COUNTY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2013**

#### **N. Closure and Postclosure Care Cost**

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions. The County stopped receiving waste prior to October 9, 1993 at over 90% capacity used and officially closed in July, 2007. Post-closure costs are subject to change resulting from inflation, deflation, technology and/or changes in applicable laws and regulations and are expected to be nominal for the next five years after certification of the completion of closure. Therefore, no liability has been recorded in these financial statements.

#### **O. Jointly Governed and Related Organizations**

1. The County is accountable for the following related organizations in that they appoint the Commissioners:

Matagorda County Drainage District No. 1  
Matagorda County Drainage District No. 2  
Matagorda County Drainage District No. 3  
Matagorda County Drainage District No. 4  
Matagorda County Conservation & Reclamation District  
Matagorda County Hospital District

The County is not financially accountable for the above organizations nor does the County's accountability for these organizations extend significantly beyond making the appointments. Accordingly, financial information for these entities is excluded from the County's financial statements.

Latest audited financial statements for these entities may be obtained by writing 1700 7th Street, Room 302, Bay City, Tx 77414-5091.

2. The Adult Probation division is operated as a multi-county department doing business as 23rd Judicial District Community Supervision and Correction Department (CSCD) Matagorda and Wharton Counties. The CSCD services both Matagorda and Wharton Counties with each county providing required office space for the operations of the Department and substantially all of the Department's funding provided by the State.

The Department's board consists of the two District Judges for Matagorda and Wharton Counties. Matagorda County is not able to appoint a voting majority to the Department's board or otherwise impose its will. The Department is not fiscally dependent on Matagorda County since the County's role is ministerial in nature. As a result, the Department is considered to be legally separate from Matagorda County and thus not a part of the reporting entity of Matagorda County.

#### **P. Contingencies**

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County.



### *Required Supplementary Information*

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.



**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

Page 1 of 8

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes	\$ 13,530,783	\$ 13,530,783	\$ 13,603,920	\$ 73,137
Licenses and permits	814,100	814,100	780,770	(33,330)
Intergovernmental	305,800	647,172	638,524	(8,648)
Charges for services	4,380,801	4,380,801	4,492,664	111,863
Fines	365,000	365,000	359,083	(5,917)
Investment income	120,000	120,000	164,880	44,880
Miscellaneous	117,150	234,065	282,178	48,113
Total revenues	19,633,634	20,091,921	20,322,019	230,098
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
County Judge:				
Personnel	166,288	182,856	181,232	1,624
Operating costs	8,300	9,320	9,197	123
Total County Judge	174,588	192,176	190,429	1,747
Commissioners Court				
Personnel	36,993	29,982	21,264	8,718
Operating costs	102,000	250,652	229,299	21,353
Total Commissioners Court	138,993	280,634	250,563	30,071
Information Services:				
Personnel	131,543	128,543	118,290	10,253
Operating costs	217,278	216,698	210,655	6,043
Capital outlay	5,000	8,580	8,575	5
Total Information Services	353,821	353,821	337,520	16,301
County Courthouse:				
Personnel	82,912	85,512	84,765	747
Operating costs	299,700	341,440	243,850	97,590
Capital outlay	--	--	15,095	(15,095)
Total County Courthouse	382,612	426,952	343,710	83,242
County Office Building:				
Operating costs	109,000	132,515	112,705	19,810
Total County Office Building	109,000	132,515	112,705	19,810
Unallocable by Department:				
Insurance	103,882	107,501	93,126	14,375
Appraisal fees	23,191	23,192	22,424	768
Retiree Insurance	172,620	172,620	172,620	--
Other costs	106,424	26,009	783	25,226
Total Unallocable by Department	406,117	329,322	288,953	40,369
County Clerk:				
Personnel	331,476	331,476	318,245	13,231
Operating costs	35,800	35,800	28,017	7,783
Total County Clerk	367,276	367,276	346,262	21,014

**MATAGORDA COUNTY**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

Page 2 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
County Auditor:				
Personnel	379,489	383,139	383,328	(189)
Operating costs	11,400	11,400	9,000	2,400
Total County Auditor	390,889	394,539	392,328	2,211
County Treasurer:				
Personnel	185,354	185,354	172,318	13,036
Operating costs	22,475	22,475	20,404	2,071
Total County Treasurer	207,829	207,829	192,722	15,107
Special Districts				
Personnel	43,778	43,778	43,747	31
Operating costs	4,750	4,750	3,250	1,500
Total Special Districts	48,528	48,528	46,997	1,531
County Tax Assessor Collector:				
Personnel	482,816	482,816	466,756	16,060
Operating costs	80,900	80,900	65,988	14,912
Total Tax Assessor Collector	563,716	563,716	532,744	30,972
Elections:				
Personnel	12,092	12,092	7,188	4,904
Operating costs	21,000	21,000	9,945	11,055
Total Elections	33,092	33,092	17,133	15,959
<b>TOTAL GENERAL GOVERNMENT</b>	<b>3,176,461</b>	<b>3,330,400</b>	<b>3,052,066</b>	<b>278,334</b>
<b>JUSTICE SYSTEM</b>				
District Court:				
Personnel	169,109	169,109	165,190	3,919
Operating costs	56,050	56,050	26,375	29,675
Total District Court	225,159	225,159	191,565	33,594
County Court:				
Operating costs	19,300	24,200	26,084	(1,884)
Total County Court	19,300	24,200	26,084	(1,884)
Court Expenses:				
Operating costs	300,500	304,542	250,867	53,675
Total Court Expenses	300,500	304,542	250,867	53,675
Capital Trials				
Operating costs	35,312	35,312	12,239	23,073
Total Capital Trials	35,312	35,312	12,239	23,073
District Clerk:				
Personnel	251,329	247,329	242,185	5,144
Operating costs	21,225	25,225	23,286	1,939
Total District Clerk	272,554	272,554	265,471	7,083



**MATAGORDA COUNTY**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
District Attorney:				
Personnel	545,479	551,488	533,000	18,488
Operating costs	62,750	80,199	60,266	19,933
Total District Attorney	608,229	631,687	593,266	38,421
County Attorney:				
Personnel	220,369	218,869	199,527	19,342
Operating costs	17,925	19,425	18,998	427
Total County Attorney	238,294	238,294	218,525	19,769
Justice of the Peace #1				
Personnel	138,385	140,885	140,696	189
Operating costs	11,100	11,100	8,340	2,760
Total Justice of the Peace #1	149,485	151,985	149,036	2,949
Justice of the Peace #2				
Personnel	141,111	141,111	135,782	5,329
Operating costs	22,880	22,880	21,255	1,625
Total Justice of the Peace #2	163,991	163,991	157,037	6,954
Justice of the Peace #3				
Personnel	111,590	111,590	111,118	472
Operating costs	8,750	8,750	6,237	2,513
Total Justice of the Peace #3	120,340	120,340	117,355	2,985
Justice of the Peace #4				
Personnel	111,510	112,110	111,693	417
Operating costs	8,990	8,390	6,652	1,738
Total Justice of the Peace #4	120,500	120,500	118,345	2,155
Justice of the Peace #6				
Personnel	26,931	27,456	27,441	15
Operating costs	6,550	6,550	6,575	(25)
Total Justice of the Peace #6	33,481	34,006	34,016	(10)
Law Library:				
Operating costs	21,000	21,000	18,687	2,313
Total Law Library	21,000	21,000	18,687	2,313
Child Support:				
Personnel	78,834	78,834	43,678	35,156
Operating costs	3,200	3,200	1,541	1,659
Total Child Support	82,034	82,034	45,219	36,815
Juvenile Probation Board:				
Personnel	33,022	33,192	33,191	1
Total Juvenile Probation Board	33,022	33,192	33,191	1
Juvenile Probation:				
Personnel	89,036	89,036	75,060	13,976
Operating costs	221,050	221,100	125,821	95,279
Total Juvenile Probation	310,086	310,136	200,881	109,255

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Child Protective Services:				
Operating costs	54,000	36,982	--	36,982
Total Child Protective Services	54,000	36,982	--	36,982
Unallocable by Department:				
Insurance	98,653	102,089	88,438	13,651
Appraisal fees	22,025	22,025	21,295	730
Autopsies	55,000	86,000	80,297	5,703
Retiree Insurance	101,380	101,380	101,380	--
Total unallocable by Department	277,058	311,494	291,410	20,084
<b>TOTAL JUSTICE SYSTEM</b>	3,064,345	3,117,408	2,723,194	394,214
<b>PUBLIC SAFETY</b>				
Constable Precinct #1:				
Personnel	18,778	18,941	18,941	--
Operating costs	15,520	15,520	7,944	7,576
Total Constable Precinct #1	34,298	34,461	26,885	7,576
Constable Precinct #2:				
Personnel	21,360	21,360	20,592	768
Operating costs	11,750	11,750	10,415	1,335
Total Constable Precinct #2	33,110	33,110	31,007	2,103
Constable Precinct #3:				
Personnel	13,140	13,140	13,105	35
Operating costs	4,730	6,393	4,041	2,352
Total Constable Precinct #3	17,870	19,533	17,146	2,387
Constable Precinct #4:				
Personnel	13,140	13,140	13,095	45
Operating costs	4,065	4,065	4,016	49
Total Constable Precinct #4	17,205	17,205	17,111	94
Constable Precinct #6:				
Personnel	18,780	18,612	18,612	--
Operating costs	5,900	6,814	6,793	21
Total Constable Precinct #6	24,680	25,426	25,405	21
County Sheriff:				
Personnel	2,235,499	2,129,499	2,104,288	25,211
Operating costs	412,550	485,290	458,153	27,137
Capital outlay	100,000	235,284	247,210	(11,926)
Total County Sheriff	2,748,049	2,850,073	2,809,651	40,422
Department of Public Safety:				
Operating costs	6,000	6,000	1,662	4,338
Total Department of Public Safety	6,000	6,000	1,662	4,338
Game Wardens:				
Operating costs	33,400	33,400	33,027	373
Total Game Wardens	33,400	33,400	33,027	373

**MATAGORDA COUNTY**  
**GENERAL FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Protection:				
Operating costs	50,800	98,300	82,575	15,725
Capital outlay	--	91,600	91,600	--
Total Fire Protection	50,800	189,900	174,175	15,725
Emergency Management:				
Personnel	117,200	117,330	117,328	2
Operating costs	37,020	45,020	39,943	5,077
Total Emergency Management	154,220	162,350	157,271	5,079
Unallocable by department:				
Insurance	98,263	101,686	88,088	13,598
Appraisal fees	21,938	21,938	21,211	727
Retiree insurance	134,260	134,260	134,260	--
Total unallocable by department	254,461	257,884	243,559	14,325
<b>TOTAL PUBLIC SAFETY</b>	<b>3,374,093</b>	<b>3,629,342</b>	<b>3,536,899</b>	<b>92,443</b>
<b>CORRECTIONS &amp; REHABILITATION</b>				
County Jail:				
Personnel	1,580,027	1,539,229	1,519,575	19,654
Operating costs	424,020	466,388	439,383	27,005
Total County Jail	2,004,047	2,005,617	1,958,958	46,659
Adult Probation:				
Operating costs	2,500	2,500	2,200	300
Total Adult Probation	2,500	2,500	2,200	300
Unallocable by department:				
Insurance	59,221	61,284	53,089	8,195
Appraisal fees	13,222	13,222	12,783	439
Retiree insurance	30,825	30,825	30,825	--
Total unallocable by department	103,268	105,331	96,697	8,634
<b>TOTAL CORRECTIONS &amp; REHABILITATION</b>	<b>2,109,815</b>	<b>2,113,448</b>	<b>2,057,855</b>	<b>55,593</b>
<b>HEALTH &amp; HUMAN SERVICES</b>				
Health Department:				
Personnel	254,947	254,947	251,939	3,008
Operating costs	44,275	82,762	78,134	4,628
Total Health Department	299,222	337,709	330,073	7,636
Animal Control:				
Personnel	72,868	72,868	67,842	5,026
Operating costs	60,700	60,700	62,559	(1,859)
Total Animal Control	133,568	133,568	130,401	3,167
Mental Health:				
Operating costs	35,419	35,419	35,419	--
Total Mental Health	35,419	35,419	35,419	--

**MATAGORDA COUNTY**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

Page 6 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Ambulance Service:				
Operating costs	599,775	599,775	592,575	7,200
Total Ambulance Service	599,775	599,775	592,575	7,200
Aid to Others:				
Economic Action Committee	33,000	33,000	33,000	--
Edith Armstrong Center	8,400	8,400	8,400	--
Friends of the Elderly	10,900	10,900	10,900	--
Cemetery	3,000	3,000	3,000	--
Indigent Burials	2,000	2,000	1,050	950
Total Aid to Others	57,300	57,300	56,350	950
Veteran's Service Officer:				
Personnel	64,079	64,307	62,766	1,541
Operating costs	7,900	7,672	7,174	498
Total Veteran's Service Officer	71,979	71,979	69,940	2,039
Unallocable by department:				
Insurance	39,374	40,745	35,297	5,448
Appraisal fees	8,791	8,791	8,499	292
Retiree insurance	24,660	24,660	24,660	--
Total unallocable by department	72,825	74,196	68,456	5,740
<b>TOTAL HEALTH &amp; HUMAN SERVICES</b>	<b>1,270,088</b>	<b>1,309,946</b>	<b>1,283,214</b>	<b>26,732</b>
<b>COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>				
521 Park:				
Operating costs	5,400	5,400	4,770	630
Total 521 Park	5,400	5,400	4,770	630
Marine Department:				
Personnel	90,891	90,891	80,871	10,020
Operating costs	71,700	85,700	75,265	10,435
Total Marine Department	162,591	176,591	156,136	20,455
Aid to Others:				
Economic Development	60,000	60,000	60,000	--
Bay City Library	200,000	200,000	200,000	--
Palacios Library	65,119	65,119	65,119	--
Matagorda County Museum	51,000	51,000	51,000	--
Economic Development	6,000	6,000	6,000	--
Service Center	3,591	3,591	3,591	--
Total Aid to Others	385,710	385,710	385,710	--
Agricultural Extension Service:				
Personnel	175,895	147,895	108,396	39,499
Operating costs	23,200	23,200	19,150	4,050
Capital outlay	--	28,000	28,000	--
Total Agricultural Extension Service	199,095	199,095	155,546	43,549

**MATAGORDA COUNTY**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

Page 7 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Home Economist Service:				
Personnel	127,058	127,058	101,069	25,989
Operating costs	5,500	5,500	4,668	832
Total Home Economist Service	132,558	132,558	105,737	26,821
County Fairgrounds:				
Personnel	40,930	43,530	43,480	50
Operating costs	70,300	78,700	80,718	(2,018)
Total County Fairgrounds	111,230	122,230	124,198	(1,968)
Unallocable by department:				
Insurance	38,512	39,854	34,524	5,330
Appraisal fees	8,598	8,598	8,313	285
Retiree insurance	41,100	41,100	41,100	--
Total unallocable by department	88,210	89,552	83,937	5,615
<b>TOTAL COMMUNITY &amp; ECONOMIC DEVELOPMENT</b>	<b>1,084,794</b>	<b>1,111,136</b>	<b>1,016,034</b>	<b>95,102</b>
<b>INFRASTRUCTURE &amp; ENVIRONMENTAL SERVICES</b>				
Transfer Station:				
Personnel	24,372	29,178	29,176	2
Operating costs	21,200	50,550	43,994	6,556
Capital outlay	--	24,000	--	24,000
Total Transfer Station	45,572	103,728	73,170	30,558
Commissioner Precinct #1:				
Personnel	446,326	446,326	425,751	20,575
Operating costs	836,564	1,058,414	729,152	329,262
Capital outlay	--	235,000	235,561	(561)
Total Commissioner Precinct #1	1,282,890	1,739,740	1,390,464	349,276
Commissioner Precinct #2:				
Personnel	500,838	500,838	420,747	80,091
Operating costs	760,050	943,771	729,330	214,441
Capital outlay	22,000	112,068	286,133	(174,065)
Debt	--	--	61,781	(61,781)
Total Commissioner Precinct #2	1,282,888	1,556,677	1,497,991	58,686
Commissioner Precinct #3:				
Personnel	489,744	489,744	451,812	37,932
Operating costs	726,442	951,292	671,313	279,979
Capital outlay	--	45,000	41,824	3,176
Debt	66,705	66,705	66,705	--
Total Commissioner Precinct #3	1,282,891	1,552,741	1,231,654	321,087
Commissioner Precinct #4:				
Personnel	458,369	467,369	397,229	70,140
Operating costs	824,522	1,012,497	822,709	189,788
Capital outlay	--	19,840	19,840	--
Total Commissioner Precinct #4	1,282,891	1,499,706	1,239,778	259,928

**MATAGORDA COUNTY**

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

Page 8 of 8

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Right of Way Acquisition:				
Capital outlay	--	--	5,371	(5,371)
Total Right of Way Acquisition	--	--	5,371	(5,371)
Unallocable by department:				
Insurance	164,896	170,641	147,823	22,818
Appraisal fees	36,815	36,815	35,594	1,221
Retiree insurance	169,195	169,195	169,195	--
Total unallocable by department	370,906	376,651	352,612	24,039
<b>TOTAL INFRASTRUCTURE &amp; ENVIRONMENTAL SVCS</b>	<b>5,548,038</b>	<b>6,829,243</b>	<b>5,791,040</b>	<b>1,038,203</b>
 Total Expenditures	 19,627,634	 21,440,923	 19,460,302	 1,980,621
Excess (deficiency) of revenues over (under) expenditures	6,000	(1,349,002)	861,717	2,210,719
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	27,500	27,500	--
Transfers out	(6,000)	(6,000)	(6,000)	--
Capital lease proceeds	--	220,000	456,965	236,965
Total other financing sources (uses)	(6,000)	241,500	478,465	236,965
Net change in fund balances	--	(1,107,502)	1,340,182	2,447,684
Fund balances - beginning	8,310,502	8,310,502	8,310,502	--
Fund balances - ending	<u>\$ 8,310,502</u>	<u>\$ 7,203,000</u>	<u>\$ 9,650,684</u>	<u>\$ 2,447,684</u>

**MATAGORDA COUNTY***REQUIRED SUPPLEMENTARY INFORMATION**SCHEDULE OF FUNDING PROGRESS**YEAR ENDED DECEMBER 31, 2013**TEXAS COUNTY DISTRICT RETIREMENT SYSTEM*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/10	\$ 22,428,773	\$ 28,004,109	\$ 5,575,336	80.09%	\$ 7,377,350	75.57%
12/31/11	23,280,940	29,303,369	6,022,429	79.45%	7,547,030	79.80%
12/31/12	23,865,066	30,232,069	6,367,003	78.94%	7,228,971	88.08%

*OTHER POST EMPLOYMENT BENEFITS*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Proj Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ --	\$ 18,289,792	\$ 18,289,792	--	\$ 7,580,282	241.3%
1/1/2012	--	21,832,881	21,832,881	--	7,768,050	281.1%
1/1/2012	--	21,832,881	21,832,881	--	6,651,848	328.2%

## **MATAGORDA COUNTY**

### *NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2013*

#### Budgetary Basis of Accounting

Under GASBS No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The County adopted a budget for the General fund using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles. The major special revenue fund represents federal grant funds that do not have an appropriated budget since other means control the use of these resources.

The County did not budget \$235,865 in capital lease proceeds and related expenditures in Precinct #2 as the purchase occurred in late December, 2013. The net effect on the bottom line budget variance was zero. Other departments exceeded budget as noted in the budgetary comparison schedule.



*Combining Statements and Budget Comparisons  
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.



**MATAGORDA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2013**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See
<b>ASSETS</b>			
Cash and cash equivalents	\$ 954,681	\$ 42,493	\$ 997,174
Receivables ( net of allowances for uncollectibles):			
Taxes	--	150,249	150,249
Other receivables	27,481	20,129	47,610
Total Assets	<u>\$ 982,162</u>	<u>\$ 212,871</u>	<u>\$ 1,195,033</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 33,755	\$ --	\$ 33,755
Due to other governments	1	--	1
Due to other funds	50	--	50
Due to others	32,356	--	32,356
Unearned revenue	117,575	--	117,575
Total Liabilities	<u>183,737</u>	<u>--</u>	<u>183,737</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - delinquent taxes	--	7,141	7,141
Unearned revenue - current taxes	--	187,675	187,675
Total deferred inflows of resources	<u>--</u>	<u>194,816</u>	<u>194,816</u>
<b>FUND BALANCES (DEFICITS)</b>			
Restricted for:			
Debt service	--	18,055	18,055
Legislative purposes	798,425	--	798,425
Total Fund Balances (Deficits)	<u>798,425</u>	<u>18,055</u>	<u>816,480</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 982,162</u>	<u>\$ 212,871</u>	<u>\$ 1,195,033</u>

**MATAGORDA COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See
<b>REVENUES</b>			
Taxes	\$ --	\$ 186,954	\$ 186,954
Intergovernmental	963,423	--	963,423
Charges for services	200,213	--	200,213
Investment income	6,639	337	6,976
Miscellaneous	39,951	--	39,951
Total revenues	<u>1,210,226</u>	<u>187,291</u>	<u>1,397,517</u>
<b>EXPENDITURES</b>			
Current:			
General government	234,325	--	234,325
Justice system	414,826	--	414,826
Public safety	8,157	--	8,157
Corrections and rehabilitation	44,302	--	44,302
Community and economic development	3,292	--	3,292
Intergovernmental	566,199	--	566,199
Debt service:			
Principal	--	155,000	155,000
Interest and fees on debt	--	28,023	28,023
Total expenditures	<u>1,271,101</u>	<u>183,023</u>	<u>1,454,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(60,875)</u>	<u>4,268</u>	<u>(56,607)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,000	--	6,000
Transfers out	(27,500)	--	(27,500)
Total other financing sources (uses)	<u>(21,500)</u>	<u>--</u>	<u>(21,500)</u>
Net change in fund balances	(82,375)	4,268	(78,107)
Fund balances - beginning	880,800	13,787	894,587
Fund balances - ending	<u>\$ 798,425</u>	<u>\$ 18,055</u>	<u>\$ 816,480</u>

## Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

District Attorney Legal/Law -- This fund is used to account for the transactions related to hot check fees of the district attorney's office, funds awarded to the County from forfeitures and state funds for the district attorney.

Sheriff & Jail Discretionary -- This fund is used to account for the transactions related to forfeited funds and inmate commissary sales.

County Clerk Preservation & Automation -- This fund is used to account for the fees collected by the County Clerk for preservation and automation.

Countywide Records Management & Preservation -- This fund is used to account for fees collected by the County Clerk for records management and preservation.

Courthouse Security -- This fund is used to account for fees collected by the County Court, District Court and JP Court for courthouse security.

Justice Court Technology -- This fund is used to account for fees collected by the District Clerk specifically for justice court technology.

District Clerk Records Management & Preservation --This fund is used to account for fees collected by the District Clerk for records management and preservation.

County and District Court Technology -- This fund is used to account for fees collected by the County Clerk specifically for county and district court technology.

Historical Commission Grant -- This fund is used to account for grant proceeds and local match for the purpose of conducting an historic resource survey in Matagorda County.

CDBG Disaster Recovery -- This fund is used to account for the receipts and disbursements related to the Texas Community Development Grant for recovery from presidentially declared disasters to rebuild the affected areas and provide crucial seed money to start the recovery process.

Local Emergency Planning -- This fund was created to account for the activities of the Matagorda County Local Emergency Planning Committee (LEPC) which is to carry out those responsibilities specified by Public Law (PL) 99-499 and to implement other emergency plans or strategies as deemed appropriate.

Juvenile Probation Fund -- This fund is used to account for Texas Juvenile Probation Commission grant funds for administering the juvenile probation program.

**MATAGORDA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2013**

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
<b>ASSETS</b>				
Cash and cash equivalents	\$ 117,675	\$ 56,491	\$ 446,825	\$ 46,579
Receivables ( net of allowances for uncollectibles):				
Other receivables	--	--	279	30
Total Assets	<u>\$ 117,675</u>	<u>\$ 56,491</u>	<u>\$ 447,104</u>	<u>\$ 46,609</u>
<b>LIABILITIES</b>				
Accounts payable	\$ --	\$ 80	\$ 3,569	\$ --
Due to other governments	--	1	--	--
Due to other funds	--	50	--	--
Due to others	828	31,528	--	--
Unearned revenue	--	--	--	--
Total Liabilities	<u>828</u>	<u>31,659</u>	<u>3,569</u>	<u>--</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted for:				
Legislative purposes	116,847	24,832	443,535	46,609
Total Fund Balances (Deficits)	<u>116,847</u>	<u>24,832</u>	<u>443,535</u>	<u>46,609</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ 117,675</u>	<u>\$ 56,491</u>	<u>\$ 447,104</u>	<u>\$ 46,609</u>

Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	County & District Court Technology	Juvenile Probation Fund
\$ 37,549	\$ 57,860	\$ 40,738	\$ 26,598	\$ 120,647
89	44	5	--	--
<u>\$ 37,638</u>	<u>\$ 57,904</u>	<u>\$ 40,743</u>	<u>\$ 26,598</u>	<u>\$ 120,647</u>
\$ --	\$ --	\$ --	\$ --	\$ 3,072
--	--	--	--	--
--	--	--	--	--
--	--	--	--	117,575
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>120,647</u>
37,638	57,904	40,743	26,598	--
<u>37,638</u>	<u>57,904</u>	<u>40,743</u>	<u>26,598</u>	<u>--</u>
<u>\$ 37,638</u>	<u>\$ 57,904</u>	<u>\$ 40,743</u>	<u>\$ 26,598</u>	<u>\$ 120,647</u>

**MATAGORDA COUNTY**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2013**

	Inter Governmental Grants	Historical Commission Grant
<b>ASSETS</b>		
Cash and cash equivalents	\$ --	\$ 3,343
Receivables ( net of allowances for uncollectibles):		
Other receivables	--	--
Total Assets	<u>\$ --</u>	<u>\$ 3,343</u>
<b>LIABILITIES</b>		
Accounts payable	\$ --	\$ --
Due to other governments	--	--
Due to other funds	--	--
Due to others	--	--
Unearned revenue	--	--
Total Liabilities	<u>--</u>	<u>--</u>
<b>FUND BALANCES (DEFICITS)</b>		
Restricted for:		
Legislative purposes	--	3,343
Total Fund Balances (Deficits)	<u>--</u>	<u>3,343</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	<u>\$ --</u>	<u>\$ 3,343</u>



Matagorda Water & Sewer	Local Emergency Planning	Total Nonmajor Special Revenue Funds
\$ --	\$ 376	\$ 954,681
27,034	--	27,481
<u>\$ 27,034</u>	<u>\$ 376</u>	<u>\$ 982,162</u>
\$ 27,034	\$ --	\$ 33,755
--	--	1
--	--	50
--	--	32,356
--	--	117,575
<u>27,034</u>	<u>--</u>	<u>183,737</u>
--	376	798,425
<u>--</u>	<u>376</u>	<u>798,425</u>
<u>\$ 27,034</u>	<u>\$ 376</u>	<u>\$ 982,162</u>

**MATAGORDA COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	District Attorney Legal/Law	Sheriff & Jail Discretionary	County Clerk Preservation & Automation	Countywide Records Mgmt Preservation
<b>REVENUES</b>				
Intergovernmental	\$ --	\$ --	\$ --	\$ --
Charges for services	69,103	700	84,422	8,854
Investment income	530	73	3,649	369
Miscellaneous	--	34,945	--	--
Total revenues	<u>69,633</u>	<u>35,718</u>	<u>88,071</u>	<u>9,223</u>
<b>EXPENDITURES</b>				
Current:				
General government	--	--	163,601	14,156
Justice system	8,976	--	--	--
Public safety	--	903	--	--
Corrections and rehabilitation	--	44,302	--	--
Community and economic development	--	--	--	--
Intergovernmental	--	--	--	--
Total expenditures	<u>8,976</u>	<u>45,205</u>	<u>163,601</u>	<u>14,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>60,657</u>	<u>(9,487)</u>	<u>(75,530)</u>	<u>(4,933)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	--	--	--	--
Transfers out	(27,500)	--	--	--
Total other financing sources (uses)	<u>(27,500)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	33,157	(9,487)	(75,530)	(4,933)
Fund balances - beginning	83,690	34,319	519,065	51,542
Fund balances - ending	<u>\$ 116,847</u>	<u>\$ 24,832</u>	<u>\$ 443,535</u>	<u>\$ 46,609</u>

Courthouse Security	Justice Court Technology	District Clerk Records Mgmt Preservation	County & District Court Technology	Juvenile Probation Fund
\$ --	\$ --	\$ --	\$ --	\$ 396,589
19,152	6,544	5,562	5,876	--
421	465	290	183	635
--	--	--	--	540
<u>19,573</u>	<u>7,009</u>	<u>5,852</u>	<u>6,059</u>	<u>397,764</u>
56,568	--	--	--	--
287	7,799	--	--	397,764
--	--	--	--	--
--	--	--	--	--
--	--	--	--	--
<u>56,855</u>	<u>7,799</u>	<u>--</u>	<u>--</u>	<u>397,764</u>
(37,282)	(790)	5,852	6,059	--
--	--	--	--	--
--	--	--	--	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(37,282)	(790)	5,852	6,059	--
74,920	58,694	34,891	20,539	--
<u>\$ 37,638</u>	<u>\$ 57,904</u>	<u>\$ 40,743</u>	<u>\$ 26,598</u>	<u>\$ --</u>

**MATAGORDA COUNTY**

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Inter Governmental Grants	Historical Commission Grant
<b>REVENUES</b>		
Intergovernmental	\$ 495,665	\$ 635
Charges for services	--	--
Investment income	--	--
Miscellaneous	--	--
Total revenues	<u>495,665</u>	<u>635</u>
<b>EXPENDITURES</b>		
Current:		
General government	--	--
Justice system	--	--
Public safety	--	--
Corrections and rehabilitation	--	--
Community and economic development	--	3,292
Intergovernmental	<u>495,665</u>	--
Total expenditures	<u>495,665</u>	<u>3,292</u>
Excess (deficiency) of revenues over (under) expenditures	<u>--</u>	<u>(2,657)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	--	6,000
Transfers out	--	--
Total other financing sources (uses)	<u>--</u>	<u>6,000</u>
Net change in fund balances	--	3,343
Fund balances - beginning	--	--
Fund balances - ending	<u>\$ --</u>	<u>\$ 3,343</u>

Matagorda Water & Sewer	Local Emergency Planning	Total Nonmajor Special Revenue Funds
\$ 70,534	\$ --	\$ 963,423
--	--	200,213
--	24	6,639
--	4,466	39,951
<u>70,534</u>	<u>4,490</u>	<u>1,210,226</u>
--	--	234,325
--	--	414,826
--	7,254	8,157
--	--	44,302
--	--	3,292
70,534	--	566,199
<u>70,534</u>	<u>7,254</u>	<u>1,271,101</u>
--	(2,764)	(60,875)
--	--	6,000
--	--	(27,500)
--	--	(21,500)
--	(2,764)	(82,375)
--	3,140	880,800
<u>\$ --</u>	<u>\$ 376</u>	<u>\$ 798,425</u>

**MATAGORDA COUNTY**

DA LEGAL LAW

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 51,500	\$ 69,103	\$ 17,603
Investment income	350	530	180
Total revenues	51,850	69,633	17,783
<b>EXPENDITURES</b>			
<b>JUSTICE SYSTEM</b>			
District Attorney:			
Operating costs	24,350	8,976	15,374
Total District Attorney	24,350	8,976	15,374
<b>TOTAL JUSTICE SYSTEM</b>	24,350	8,976	15,374
Total Expenditures	24,350	8,976	15,374
Excess (deficiency) of revenues over (under) expenditures	27,500	60,657	33,157
Transfers out	(27,500)	(27,500)	--
Total other financing sources (uses)	(27,500)	(27,500)	--
Net change in fund balances	--	33,157	33,157
Fund balances - beginning	83,690	83,690	--
Fund balances - ending	\$ 83,690	\$ 116,847	\$ 33,157

**MATAGORDA COUNTY***SHERIFF & JAIL DISCRETIONARY**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 5,000	\$ 700	\$ (4,300)
Investment income	500	73	(427)
Miscellaneous	40,500	34,945	(5,555)
Total revenues	46,000	35,718	(10,282)
<b>EXPENDITURES</b>			
<b>PUBLIC SAFETY</b>			
County Sheriff:			
Operating costs	14,000	903	13,097
Total County Sheriff	14,000	903	13,097
<b>TOTAL PUBLIC SAFETY</b>	14,000	903	13,097
<b>CORRECTIONS &amp; REHABILITATION</b>			
County Jail:			
Operating costs	32,000	44,302	(12,302)
Total County Jail	32,000	44,302	(12,302)
<b>TOTAL CORRECTIONS &amp; REHABILITATION</b>	32,000	44,302	(12,302)
Total Expenditures	46,000	45,205	795
Excess (deficiency) of revenues over (under) expenditures	--	(9,487)	(9,487)
Net change in fund balances	--	(9,487)	(9,487)
Fund balances - beginning	34,319	34,319	--
Fund balances - ending	\$ 34,319	\$ 24,832	\$ (9,487)

**MATAGORDA COUNTY**

COUNTY CLERK PRESERVATION &amp; AUTOMATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 86,000	\$ 84,422	\$ (1,578)
Investment income	3,800	3,649	(151)
Total revenues	89,800	88,071	(1,729)
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Clerk:			
Operating costs	173,988	163,601	10,387
Total County Clerk	173,988	163,601	10,387
<b>TOTAL GENERAL GOVERNMENT</b>	173,988	163,601	10,387
Total Expenditures	173,988	163,601	10,387
Excess (deficiency) of revenues over (under) expenditures	(84,188)	(75,530)	8,658
Net change in fund balances	(84,188)	(75,530)	8,658
Fund balances - beginning	519,065	519,065	--
Fund balances - ending	\$ 434,877	\$ 443,535	\$ 8,658



**MATAGORDA COUNTY**

COUNTYWIDE RECORDS MANAGEMENT/PRESERVATION

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 10,000	\$ 8,854	\$ (1,146)
Investment income	1,250	369	(881)
Total revenues	11,250	9,223	(2,027)
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Courthouse:			
Operating costs	11,250	14,156	(2,906)
Total County Courthouse	11,250	14,156	(2,906)
<b>TOTAL GENERAL GOVERNMENT</b>	11,250	14,156	(2,906)
Total Expenditures	11,250	14,156	(2,906)
Excess (deficiency) of revenues over (under) expenditures	--	(4,933)	(4,933)
Net change in fund balances	--	(4,933)	(4,933)
Fund balances - beginning	51,542	51,542	--
Fund balances - ending	\$ 51,542	\$ 46,609	\$ (4,933)

**MATAGORDA COUNTY**  
**COURTHOUSE SECURITY**  
**SPECIAL REVENUE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 23,000	\$ 19,152	\$ (3,848)
Investment income	2,000	421	(1,579)
Total revenues	25,000	19,573	(5,427)
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Courthouse:			
Personnel	55,594	55,749	(155)
Operating costs	4,120	819	3,301
Total County Courthouse	59,714	56,568	3,146
<b>TOTAL GENERAL GOVERNMENT</b>	59,714	56,568	3,146
<b>JUSTICE SYSTEM</b>			
Justice of the Peace #2			
Operating costs	--	287	(287)
Total Justice of the Peace #2	--	287	(287)
<b>TOTAL JUSTICE SYSTEM</b>	--	287	(287)
Total Expenditures	59,714	56,855	2,859
Excess (deficiency) of revenues over (under) expenditures	(34,714)	(37,282)	(2,568)
Net change in fund balances	(34,714)	(37,282)	(2,568)
Fund balances - beginning	74,920	74,920	--
Fund balances - ending	\$ 40,206	\$ 37,638	\$ (2,568)

**MATAGORDA COUNTY**  
*JUSTICE COURT TECHNOLOGY*  
*SPECIAL REVENUE FUND*  
*BUDGETARY COMPARISON SCHEDULE*  
*FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 9,700	\$ 6,544	\$ (3,156)
Investment income	500	465	(35)
Total revenues	10,200	7,009	(3,191)
<b>EXPENDITURES</b>			
<b>JUSTICE SYSTEM</b>			
Justice Court Technology:			
Operating costs	10,200	7,799	2,401
Total Justice Court Technology	10,200	7,799	2,401
<b>TOTAL JUSTICE SYSTEM</b>	10,200	7,799	2,401
Total Expenditures	10,200	7,799	2,401
Excess (deficiency) of revenues over (under) expenditures	--	(790)	(790)
Net change in fund balances	--	(790)	(790)
Fund balances - beginning	58,694	58,694	--
Fund balances - ending	\$ 58,694	\$ 57,904	\$ (790)

**MATAGORDA COUNTY***DISTRICT CLERK RECORDS MGMT/PRESERVATION**SPECIAL REVENUE FUND**BUDGETARY COMPARISON SCHEDULE**FOR THE YEAR ENDED DECEMBER 31, 2013*

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 5,600	\$ 5,562	\$ (38)
Investment income	200	290	90
Total revenues	5,800	5,852	52
<b>EXPENDITURES</b>			
<b>JUSTICE SYSTEM</b>			
District Clerk:			
Operating costs	5,800	--	5,800
Total District Clerk	5,800	--	5,800
<b>TOTAL JUSTICE SYSTEM</b>	5,800	--	5,800
Total Expenditures	5,800	--	5,800
Excess (deficiency) of revenues over (under) expenditures	--	5,852	5,852
Net change in fund balances	--	5,852	5,852
Fund balances - beginning	34,891	34,891	--
Fund balances - ending	\$ 34,891	\$ 40,743	\$ 5,852

**MATAGORDA COUNTY**

COUNTY &amp; DISTRICT COURT TECHNOLOGY

SPECIAL REVENUE FUND

BUDGETARY COMPARISON SCHEDULE

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Charges for services	\$ 7,025	\$ 5,876	\$ (1,149)
Investment income	135	183	48
Total revenues	7,160	6,059	(1,101)
<b>EXPENDITURES</b>			
<b>GENERAL GOVERNMENT</b>			
County Clerk:			
Operating costs	2,300	--	2,300
Total County Clerk	2,300	--	2,300
<b>TOTAL GENERAL GOVERNMENT</b>	2,300	--	2,300
<b>JUSTICE SYSTEM</b>			
District Clerk:			
Operating costs	4,860	--	4,860
Total District Clerk	4,860	--	4,860
<b>TOTAL JUSTICE SYSTEM</b>	4,860	--	4,860
Total Expenditures	7,160	--	7,160
Excess (deficiency) of revenues over (under) expenditures	--	6,059	6,059
Net change in fund balances	--	6,059	6,059
Fund balances - beginning	20,539	20,539	--
Fund balances - ending	\$ 20,539	\$ 26,598	\$ 6,059



## *Fiduciary Funds*

Fiduciary funds are used to account for funds held in a trustee or agency capacity for the benefit of others and therefore cannot be used to support the government's own programs. Fiduciary funds include pension trust funds, investment funds, private-purpose trust funds and agency funds. The County is only combining agency funds as defined below.

County Clerk Trust Fund -- This fund is used to account for County Court awards for the benefit of minors or others considered by the County Court to be incapable of handling the award individually.

District Clerk Trust Fund -- This fund is used to account for District Court awards for the benefit of minors or others considered by the District Court to be incapable of handling the award individually.

Inmate Trust Fund -- This fund is used to account for money held on behalf of inmates booked into the County jail.

Tax Assessor Collector -- This fund is used as a clearing account for the receipt and disbursement of tax collected by the County Tax Assessor Collector on behalf of other governmental entities.

**MATAGORDA COUNTY***COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**AGENCY FUNDS**DECEMBER 31, 2013*

	County Clerk Trust	District Clerk Trust
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,455	\$ 1,117,215
Total Assets	<u>\$ 30,455</u>	<u>\$ 1,117,215</u>
<b>LIABILITIES</b>		
Due to other governments	\$ --	\$ --
Due to others	30,455	1,117,215
Total Liabilities	<u>30,455</u>	<u>1,117,215</u>
<b>NET POSITION</b>		
Unrestricted	--	--
Total Net Position	<u>\$ --</u>	<u>\$ --</u>



Inmate Trust Fund	Tax Assessor Collector	Total Agency Funds
\$ 27,620	\$ 158,279	\$ 1,333,569
\$ 27,620	\$ 158,279	\$ 1,333,569
\$ --	\$ 158,271	\$ 158,271
27,620	8	1,175,298
27,620	158,279	1,333,569
--	--	--
\$ --	\$ --	\$ --

**MATAGORDA COUNTY****COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****ALL AGENCY FUNDS**

YEAR ENDED DECEMBER 31, 2013

	Balance December 31 2012	Additions	Deductions	Balance December 31 2013
<b>COUNTY CLERK TRUST FUNDS</b>				
<b>ASSETS</b>				
Cash & investments	502,657	\$ 1,979	\$ 474,181	\$ 30,455
Total Assets	<u>\$ 502,657</u>	<u>\$ 1,979</u>	<u>\$ 474,181</u>	<u>\$ 30,455</u>
<b>LIABILITIES</b>				
Due to others	\$ 502,657	\$ 1,979	\$ 474,181	\$ 30,455
Total Liabilities	<u>\$ 502,657</u>	<u>\$ 1,979</u>	<u>\$ 474,181</u>	<u>\$ 30,455</u>
<b>DISTRICT CLERK TRUST FUNDS</b>				
<b>ASSETS</b>				
Cash & investments	\$ 1,655,650	\$ 1,104,642	\$ 1,643,077	\$ 1,117,215
Total Assets	<u>\$ 1,655,650</u>	<u>\$ 1,104,642</u>	<u>\$ 1,643,077</u>	<u>\$ 1,117,215</u>
<b>LIABILITIES</b>				
Due to others	\$ 1,655,650	\$ 1,104,642	\$ 1,643,077	\$ 1,117,215
Total Liabilities	<u>\$ 1,655,650</u>	<u>\$ 1,104,642</u>	<u>\$ 1,643,077</u>	<u>\$ 1,117,215</u>
<b>INMATE TRUST FUND</b>				
<b>ASSETS</b>				
Cash & investments	\$ 21,919	\$ 183,461	\$ 177,760	\$ 27,620
Total Assets	<u>\$ 21,919</u>	<u>\$ 183,461</u>	<u>\$ 177,760</u>	<u>\$ 27,620</u>
<b>LIABILITIES</b>				
Due to others	\$ 21,919	\$ 183,461	\$ 177,760	\$ 27,620
Total Liabilities	<u>\$ 21,919</u>	<u>\$ 183,461</u>	<u>\$ 177,760</u>	<u>\$ 27,620</u>
<b>TAX ASSESSOR COLLECTOR</b>				
<b>ASSETS</b>				
Cash & investments	\$ 120,188	\$ 74,180,366	\$ 74,142,275	\$ 158,279
Total Assets	<u>\$ 120,188</u>	<u>\$ 74,180,366</u>	<u>\$ 74,142,275</u>	<u>\$ 158,279</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 111,678	\$ 74,180,366	\$ 74,133,773	\$ 158,271
Due to others	8,510		8,502	8
Total Liabilities	<u>\$ 120,188</u>	<u>\$ 74,180,366</u>	<u>\$ 74,142,275</u>	<u>\$ 158,279</u>
<b>TOTAL AGENCY FUNDS:</b>				
<b>ASSETS</b>				
Cash & investments	\$ 2,300,414	\$ 75,470,448	\$ 76,437,293	\$ 1,333,569
Total Assets	<u>\$ 2,300,414</u>	<u>\$ 75,470,448</u>	<u>\$ 76,437,293</u>	<u>\$ 1,333,569</u>
<b>LIABILITIES</b>				
Due to other governments	\$ 111,678	\$ 74,180,366	\$ 74,133,773	\$ 158,271
Due to others	2,188,736	1,290,082	2,303,520	1,175,298
Total Liabilities	<u>\$ 2,300,414</u>	<u>\$ 75,470,448</u>	<u>\$ 76,437,293</u>	<u>\$ 1,333,569</u>

# STATISTICAL SECTION

This part of the Matagorda County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	72-75
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	76-79
These schedules contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.	
Debt Capacity	80-83
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	84-85
These schedules offer demographic and economic indicators to help the reader understand how the County's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	86-88
These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**MATAGORDA COUNTY**  
**NET POSITION BY COMPONENT**  
**LAST TEN YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 23,302,072	\$ 23,813,922	\$ 20,768,339	\$ 21,151,366	\$ 20,506,971	\$ 19,522,703	\$ 17,819,411	\$ 16,381,686	\$ 16,401,437	\$ 15,782,772
Restricted	--	--	52	--	5,594	5,034	3,978	1,096,131	935,092	816,242
Unrestricted	12,488,348	12,381,152	12,621,657	10,373,595	10,395,793	9,800,301	8,393,819	6,238,050	5,812,670	5,930,480
Total Governmental Activities Net Position	\$ 35,790,420	\$ 36,195,074	\$ 33,390,048	\$ 31,524,961	\$ 30,908,358	\$ 29,328,038	\$ 26,217,208	\$ 23,715,867	\$ 23,149,199	\$ 22,529,494

**MATAGORDA COUNTY**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
Governmental activities:										
General government										
Justice system	\$ 2,307,507	\$ 2,744,598	\$ 2,591,435	\$ 2,374,168	\$ 2,303,706	\$ 2,800,507	\$ 2,916,150	\$ 3,238,152	\$ 3,573,090	\$ 3,564,536
Public safety	2,684,216	3,032,205	3,275,243	2,931,754	2,965,507	3,402,444	3,673,061	3,617,128	3,393,214	3,492,513
Corrections and rehabilitation	2,683,984	3,722,659	3,264,707	3,231,579	3,245,747	3,846,603	3,301,813	3,441,085	3,379,800	3,612,977
Health and human services	1,794,043	2,343,039	2,477,072	2,638,771	2,363,299	2,229,983	2,246,252	2,036,930	2,036,930	2,261,328
Community and economic development	1,025,635	1,175,751	1,281,386	1,180,040	1,219,112	1,283,782	1,397,815	1,364,578	1,354,286	1,390,657
Infrastructure and environmental services	1,008,691	1,132,587	1,166,624	1,325,564	1,167,753	1,597,919	2,002,462	2,289,523	1,324,645	5,213,574
Intergovernmental	6,114,484	3,993,968	3,823,861	6,896,776	5,922,408	6,335,128	7,742,526	6,881,349	5,671,712	6,342,332
Interest on Long-Term Debt	--	--	--	--	--	--	--	290,001	2,604,849	566,199
Total governmental activities expenses	\$ 6,292	\$ 2,621	\$ 23,980	\$ 66,736	\$ 59,224	\$ 53,070	\$ 46,788	\$ 40,020	\$ 37,868	\$ 30,073
Total governmental activities	\$ 17,624,852	\$ 18,147,428	\$ 17,904,308	\$ 20,645,388	\$ 19,246,756	\$ 21,549,436	\$ 23,477,498	\$ 23,408,088	\$ 23,376,394	\$ 26,474,189
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General government	\$ 1,216,743	\$ 1,201,970	\$ 1,165,711	\$ 1,241,621	\$ 1,363,971	\$ 1,241,539	\$ 1,234,096	\$ 1,227,359	\$ 1,283,268	\$ 1,304,741
Justice system	998,948	904,122	1,287,277	1,209,619	1,422,866	1,069,513	682,049	897,829	783,258	1,062,915
Public safety	3,349,454	3,487,489	4,297,654	3,786,690	3,471,050	3,266,384	3,196,198	3,157,683	3,226,989	3,323,250
Corrections and rehabilitation	116,600	118,305	118,632	95,872	90,155	145,540	267,029	128,297	93,515	109,428
Health and human services	48,897	47,560	54,413	50,937	57,506	45,980	70,070	63,717	61,074	63,339
Community and economic development	111,369	109,702	107,775	116,050	124,171	144,380	205,118	196,767	200,410	188,626
Infrastructure and environmental services	72,744	75,379	93,447	71,490	66,402	83,753	387,145	278,522	112,564	129,682
Intergovernmental	--	--	--	--	--	--	--	--	--	--
Operating Grants and Contributions	1,004,400	1,794,005	942,638	1,796,638	1,661,296	2,500,369	2,383,709	2,214,978	4,251,542	5,511,435
Capital Grants and Contributions	188,098	--	49,915	318,103	--	--	--	--	--	165,879
Total Governmental Activities Program Revenues	\$ 7,107,253	\$ 7,738,532	\$ 8,117,462	\$ 8,687,020	\$ 8,257,417	\$ 8,497,458	\$ 8,425,414	\$ 8,165,152	\$ 10,012,620	\$ 11,859,295
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (10,517,599)	\$ (10,408,896)	\$ (9,786,846)	\$ (11,958,368)	\$ (10,989,339)	\$ (13,051,978)	\$ (15,052,084)	\$ (15,242,936)	\$ (13,363,774)	\$ (14,614,894)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property taxes	\$ 8,384,447	\$ 8,294,370	\$ 8,174,199	\$ 9,194,415	\$ 9,921,906	\$ 11,160,539	\$ 11,501,213	\$ 12,243,775	\$ 12,758,819	\$ 13,732,189
Miscellaneous	473,856	14,053	103,303	104,940	70,657	65,041	99,083	267,556	33,357	97,781
Unrestricted investment earnings	247,964	456,110	704,318	793,926	380,173	246,078	340,958	230,264	133,153	165,217
Total Governmental Activities	\$ 9,106,267	\$ 8,764,533	\$ 8,981,820	\$ 10,093,281	\$ 10,372,736	\$ 11,471,658	\$ 11,941,254	\$ 12,741,595	\$ 12,925,329	\$ 13,995,187
Change in Net Position	\$ (1,411,332)	\$ (1,644,363)	\$ (805,026)	\$ (1,865,087)	\$ (616,603)	\$ (1,580,320)	\$ (3,110,830)	\$ (2,501,341)	\$ (438,445)	\$ (619,707)
Governmental Activities										

**MATAGORDA COUNTY**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Non-Spendable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 282,669	\$ 292,680	\$ 387,339	\$ 337,048
Committed	--	--	--	--	--	--	--	931,516	1,027,113	1,224,842
Unassigned	--	--	--	--	--	--	--	6,014,110	6,896,050	8,088,794
Unreserved	10,653,266	10,481,450	10,063,575	7,542,080	7,496,109	7,419,087	6,684,356	--	--	--
Total General Fund	\$ 10,653,266	\$ 10,481,450	\$ 10,063,575	\$ 7,542,080	\$ 7,496,109	\$ 7,419,087	\$ 6,967,025	\$ 7,238,306	\$ 8,310,502	\$ 9,650,684
All Other Governmental Funds										
Restricted	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,103,170	\$ 894,586	\$ 816,480
Reserved	--	--	52	--	817	4,924	7,505	--	--	--
Unreserved, Reported In:										
Special Revenue Funds	699,870	796,122	898,220	968,729	1,066,974	1,072,242	1,092,752	--	--	--
Debt Service Funds	--	--	--	(33,467)	--	--	--	--	--	--
Total All Other Governmental Funds	\$ 699,870	\$ 796,122	\$ 898,272	\$ 935,262	\$ 1,067,791	\$ 1,077,166	\$ 1,100,257	\$ 1,103,170	\$ 894,586	\$ 816,480

**MATAGORDA COUNTY**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$ 8,313,120	\$ 8,330,557	\$ 8,341,847	\$ 9,147,597	\$ 9,903,450	\$ 11,124,689	\$ 11,422,107	\$ 12,219,087	\$ 12,766,067	\$ 13,790,874
Licenses and permits	833,355	830,979	828,052	833,238	842,590	818,549	813,885	792,739	794,878	780,770
Intergovernmental	1,020,701	1,794,052	1,010,040	1,729,944	1,694,349	2,478,021	2,130,808	2,255,663	4,273,126	5,679,217
Charges for services	4,441,197	4,541,652	5,475,765	5,098,908	4,838,363	4,524,898	4,959,784	4,622,755	4,445,502	4,692,877
Fines	359,315	313,281	415,787	340,318	407,980	415,196	358,715	409,390	379,955	359,083
Investment income	256,591	480,942	744,641	840,854	411,266	272,525	368,082	246,270	146,783	170,191
Miscellaneous	871,912	220,429	331,482	557,011	347,093	273,743	523,112	270,267	262,134	323,794
Total Revenues	16,096,191	16,511,892	17,147,614	18,547,870	18,445,091	19,907,621	20,576,493	20,816,171	23,068,445	25,796,806
<b>Expenditures</b>										
General administration	2,379,815	2,169,018	2,218,233	2,359,736	2,439,805	2,646,612	2,683,735	2,805,567	3,067,887	3,262,721
Justice	2,556,715	2,571,259	2,786,928	2,803,386	2,740,721	3,155,191	3,389,233	3,295,213	3,070,179	3,138,020
Public safety	2,416,017	2,878,613	2,807,335	2,881,351	2,984,941	3,547,744	2,967,366	3,090,014	2,996,188	3,206,246
Corrections and rehabilitation	1,709,487	1,988,531	2,092,130	2,550,113	2,147,703	2,018,431	2,161,546	2,087,751	1,906,351	2,102,157
Environmental protection	--	--	--	--	--	--	--	--	--	--
Health and human services	977,663	998,854	1,068,561	1,130,644	1,141,036	1,208,428	1,316,134	1,261,528	1,254,709	1,283,214
Community and economic dev	961,982	982,734	978,022	988,856	1,093,049	1,223,005	1,223,185	1,267,022	1,034,598	991,326
Infrastructure and environmental	4,030,857	3,635,842	4,293,688	4,376,057	4,541,745	5,063,458	5,722,007	5,058,387	4,821,509	8,985,216
Intergovernmental	--	--	--	--	--	--	--	290,001	2,613,425	566,199
Capital outlay	632,931	1,342,358	2,705,570	3,691,545	1,083,682	927,524	1,358,599	1,388,221	1,059,886	1,145,088
Debt service:										
Principal	65,199	96,744	25,129	181,466	125,000	130,000	135,000	145,000	212,555	278,751
Interest	6,292	2,621	2,745	69,221	60,853	54,873	48,659	42,093	39,325	32,758
Total Expenditures	15,736,958	16,666,574	18,978,341	21,032,375	18,358,535	19,975,266	21,005,464	20,730,797	22,076,612	24,991,696
Excess of Revenues Over (Under) Expenditures	359,233	(154,682)	(1,830,727)	(2,484,505)	86,556	(67,645)	(428,971)	85,374	991,833	805,110
<b>Other Financing Sources (Uses)</b>										
Flow thru in	--	12,297	--	--	--	--	--	--	--	--
Flow thru out	--	(12,297)	--	--	--	--	--	--	--	--
Certificates of obligation	--	--	1,515,000	--	--	--	--	--	--	--
Capital lease proceeds	--	--	--	--	--	--	--	--	--	--
Transfers In	38,127	7,000	698,736	2,794,384	489,115	67,612	53,450	70,053	40,695	456,965
Transfers Out	(38,127)	(7,000)	(698,736)	(2,794,384)	(489,115)	(67,612)	(53,450)	(70,053)	(40,695)	(33,500)
Total Other Financing Sources (Uses)	--	79,119	1,515,000	--	--	--	--	188,820	--	456,965
Net Change in Fund Balances	\$ 359,233	\$ (75,563)	\$ (315,727)	\$ (2,484,505)	\$ 86,556	\$ (67,645)	\$ (428,971)	\$ 274,194	\$ 991,833	\$ 1,262,075
Debt Service As A Percentage Of Noncapital Expenditures	0.47%	0.65%	0.17%	1.45%	1.08%	0.97%	0.93%	0.97%	1.27%	1.40%



# MATAGORDA COUNTY

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Real Property	Assessed Non-real Property	Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2003/04	\$ 2,656,745,852	\$ 327,878,186	\$ (404,313,434)	\$ 2,580,310,604	0.03180	\$ 2,580,310,604	100.0000%
2004/05	1,528,321,761	1,423,438,755	(400,342,742)	2,551,417,774	0.31800	2,551,417,774	100.0000%
2005/06	2,717,106,070	459,670,380	(511,752,684)	2,665,023,766	0.30900	2,665,023,766	100.0000%
2006/07	3,276,215,172	551,077,039	(463,734,746)	3,363,557,465	0.26829	3,363,557,465	100.0000%
2007/08	3,580,834,451	426,262,334	(461,540,256)	3,545,556,529	0.27593	3,545,556,529	100.0000%
2008/09	4,381,977,682	95,029,605	(491,074,920)	3,985,932,367	0.27518	3,985,932,367	100.0000%
2009/10	3,533,533,063	1,116,722,810	(510,369,654)	4,139,886,219	0.27498	4,139,886,219	100.0000%
2010/11	3,412,943,688	1,553,978,640	(552,937,135)	4,413,985,193	0.27478	4,413,985,193	100.0000%
2011/12	4,085,451,154	950,761,254	(546,317,547)	4,489,894,861	0.28162	4,489,894,861	100.0000%
2012/13	3,997,000,381	1,127,092,670	(560,957,690)	4,563,135,361	0.29878	4,563,135,361	100.0000%

Source: Matagorda County Appraisal District

**MATAGORDA COUNTY**  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS

Fiscal Year	Matagorda County			Overlapping Rates								Total Direct and Overlapping
	Operating	Debt	Total Direct Rate	City		Utility Districts		Special Districts		Schools		
				Operating	Debt	Operating	Debt	Operating	Debt	Operating	Debt	
2003/04	\$ 0.31800	-- \$	0.31800	0.60500 \$	0.04500 \$	0.14300 \$	0.13900 \$	0.09000 \$	0.03000 \$	1.40700 \$	0.10000 \$	2.87700
2004/05	0.31800	--	0.31800	0.62000	0.04300	0.14100	0.13000	0.09100	0.03000	1.41500	0.11000	2.89800
2005/06	0.30900	--	0.30900	0.60500	0.04600	0.13600	0.10400	0.08300	0.03000	1.45500	0.09500	2.86300
2006/07	0.26264	0.00565	0.26829	0.60500	0.04300	0.12700	0.05800	0.07100	0.03000	1.28000	0.09800	2.58029
2007/08	0.26978	0.00615	0.27593	0.60500	0.04300	0.11920	0.07650	0.07100	0.03000	1.00790	0.16156	2.39009
2008/09	0.27055	0.00463	0.27518	0.59400	0.03400	0.11600	0.07600	0.07000	0.03000	1.01900	0.12700	2.34118
2009/10	0.27055	0.00443	0.27498	0.61300	0.03000	0.12300	0.08700	0.06700	0.03000	1.03800	0.12900	2.39198
2010/11	0.27055	0.00423	0.27478	0.65100	0.03800	0.12600	0.08300	0.06900	0.03000	1.04700	0.11800	2.43678
2011/12	0.27750	0.00412	0.28162	0.67500	0.03900	0.13600	0.08200	0.07100	0.03000	1.04700	0.12700	2.48862
2012/13	0.29477	0.00401	0.29878	0.67614	0.03875	0.16723	0.09308	0.06706	0.03000	1.04700	0.36091	2.77895

Source: County Tax Assessor and Palacios ISD Tax Assessor

# MATAGORDA COUNTY

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2012/2013			2003/2004		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
NRG Texas Power LLC	\$ 961,526,311	1	21.07%	\$		--
Inergy LP	390,069,530	2	8.55%			--
Texas Brine Company LLC	142,217,890	3	3.12%			--
Equistar Chemicals LP	132,468,810	4	2.90%	178,191,450	3	6.91%
Williams Fld Svcs - Gulf Coast Co.	105,356,480	5	2.31%	23,522,820	7	0.91%
Equistar Chemicals UGS	102,375,280	6	2.24%			
Midtex Gas Storage Company	80,096,570	7	1.76%		9	--
Oxea Corporation	68,114,820	8	1.49%			
Flint Hills Resources INV	52,510,550	9	1.15%	20,065,930	8	0.78%
Celanese LTD Chemical Division	36,986,620	10	0.81%	68,243,100	4	2.64%
Reliant Energy HL&P Company	--	--	--	391,572,200	1	15.18%
AEP Central Power & Light Co.	--	--	--	324,479,710	2	12.58%
BP American Production Co.	--	--	--	43,288,880	5	1.68%
AEP Texas Central Company	--	--	--	30,341,490	6	1.18%
Santos USA Corp.	--	--	--	19,847,320	9	0.77%
Transcontinental Gas Pipeline	--	--	--	19,454,390	10	0.75%
Total	<u>\$ 2,071,722,861</u>		<u>45.40%</u>	<u>\$ 1,119,007,290</u>		<u>43.37%</u>
Total Taxable Assessed Value	<u>\$ 4,563,135,361</u>			<u>\$ 2,580,310,604</u>		

Source: Matagorda County Tax Assessor

**MATAGORDA COUNTY**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**

Tax Year/ Fiscal Year	Taxes Levied for the Fiscal Year	Adjustments	Adjusted Levy	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2003/2004	\$ 8,213,576	\$ (15,142)	\$ 8,198,434	7,946,142	96.92%	218,790	\$ 8,164,932	99.59%
2004/2005	8,123,105	75,683	8,198,788	8,015,644	97.77%	146,628	8,162,272	99.55%
2005/2006	8,178,222	(7,519)	8,170,703	8,047,767	98.50%	106,274	8,154,041	99.80%
2006/2007	9,039,485	(12,753)	9,026,732	8,895,062	98.54%	109,333	9,004,395	99.75%
2007/2008	9,783,727	26,599	9,810,326	9,653,410	98.40%	235,569	9,888,979	100.80%
2008/2009	10,968,961	(596)	10,968,365	10,797,638	98.44%	144,644	10,942,282	99.76%
2009/2010	11,384,047	(26,975)	11,357,072	11,155,160	98.22%	169,990	11,325,150	99.72%
2010/2011	12,129,877	(23,237)	12,106,640	11,923,482	98.49%	173,092	12,096,574	99.92%
2011/2012	12,644,542	(17,488)	12,627,054	12,461,310	98.69%	72,564	12,533,874	99.26%
2012/2013	13,647,090	(5,910)	13,641,180	13,471,772	98.76%	--	13,471,772	98.76%

Sources: Matagorda County Tax Assessor

**MATAGORDA COUNTY***RATIOS OF OUTSTANDING DEBT BY TYPE**LAST TEN FISCAL YEARS*

Fiscal Year	Governmental Activities			Percentage of Personal Income (1)	Per Capita Total Debt (1)
	Certificates of Obligation	Capital Leases	Total Governmental Activities		
2004	\$ --	\$ 69,221	\$ 69,221	0.01%	2
2005	--	51,595	51,595	0.01%	1
2006	1,515,000	26,466	1,541,466	0.18%	39
2007	1,360,000	--	1,360,000	0.15%	37
2008	1,235,000	--	1,235,000	0.13%	34
2009	1,105,000	--	1,105,000	0.10%	30
2010	970,000	--	970,000	0.09%	26
2011	825,000	188,820	1,013,820	0.09%	28
2012	675,000	126,265	801,265	0.07%	22
2013	520,000	459,478	979,478	0.09%	27

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and per capita can be found in the schedule of demographic and economic statistics on page 84.

# **MATAGORDA COUNTY**

## **RATIOS OF GENERAL BONDED DEBT OUTSTANDING LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available in Debt Service Fund (2)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (3)</u>	<u>Per Capita (4)</u>
2004	\$ --	\$ --	\$ --	--	\$ --
2005	--	--	--	--	--
2006	1,515,000	52	1,515,052	0.06%	38
2007	1,360,000	--	1,360,000	0.04%	37
2008	1,235,000	817	1,234,183	0.04%	33
2009	1,105,000	4,924	1,100,076	0.03%	30
2010	970,000	7,505	962,495	0.02%	26
2011	825,000	11,363	813,637	0.02%	22
2012	675,000	13,787	661,213	0.01%	18
2013	520,000	18,055	501,945	0.01%	14

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) This is the general bonded debt of governmental funds

(2) This is the amount restricted for debt service principal payments

(3) Estimated actual value of taxable property can be found on page 76.

(4) Population data can be found in the schedule of demographic and economic statistics on page 84.

**MATAGORDA COUNTY***DIRECT AND OVERLAPPING**GOVERNMENTAL ACTIVITIES DEBT**AS OF DECEMBER 31, 2013*

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
City of Bay City	9,102,500	100.000%	9,102,500
Tidehaven Independent School District	49,630,000	100.000%	49,630,000
Palacios Independent School District	3,365,000	94.076%	3,165,653
Bay City Independent School District	18,338,964	100.000%	18,338,964
Matagorda Independent School District	4,925,000	100.000%	4,925,000
Matagorda County Navigation District #1	2,840,000	100.000%	2,840,000
Caney Creek Municipal Utility District	3,178,000	100.000%	3,178,000
Beach Road Municipal Utility District	404,000	100.000%	404,000
Other Debt			
Bay City Independent School District Capital Lease	4,367,745	100.000%	4,367,745
Bay City Independent School District Notes Payable	999,952	100.000%	999,952
Matagorda Independent School District Notes Payable	154,048	100.000%	154,048
Van Vleck Independent School District Capital Lease	745,536	100.000%	745,536
City of Bay City Notes Payable	290,461	100.000%	290,461
City of Palacios	177,054	100.000%	177,054
Subtotal, Overlapping Debt			<u>98,318,913</u>
County Direct Debt:			
Capital Lease			459,478
Certificates of Obligation			<u>520,000</u>
			<u>979,478</u>
Total Direct and Overlapping Debt			<u>\$ 99,298,391</u>

Sources: Assessed value data used to estimate applicable percentages provided by Matagorda County Appraisal District  
Debt outstanding data provided by each governmental unit.

**MATAGORDA COUNTY**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$ --	\$ --	\$ 399,753,565	\$ 504,533,620	\$ 531,833,479	\$ 597,889,855	\$ 620,982,933	\$ 1,103,496,298	\$ 1,122,473,715	\$ 1,140,783,840
Total Net Debt Applicable to Limit	--	--	1,514,948	1,360,000	1,234,183	1,100,076	977,505	813,637	661,213	501,945
Legal Debt Margin	--	--	398,238,617	503,173,620	530,599,296	596,789,779	620,005,428	1,102,682,661	1,121,812,502	1,140,281,895
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	--	--	0.38%	0.27%	0.23%	0.18%	0.16%	0.07%	0.06%	0.04%

**Legal Debt Margin Calculation for the Current Fiscal Year**

Assessed Value	\$ 4,563,135,361
Debt Limit (25% of Assessed Value)	1,140,783,840
Debt Applicable to Limit:	
General Obligation Bonds	520,000
Less: Amount Set Aside for Repayment of	
General Obligation Debt	(18,055)
Total Net Debt Applicable to Limit	501,945
Legal Debt Margin	\$ 1,140,281,895

Sources: Matagorda County Appraisal District and County annual audit report.



**MATAGORDA COUNTY**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN FISCAL YEARS**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population	38,290	39,205	39,529	37,122	36,860	37,265	36,978	36,763	36,809	36,547
Personal Income (thousands)	\$ 817,708	\$ 850,375	\$ 858,520	\$ 926,647	\$ 959,353	\$ 1,073,586	\$ 1,124,476	\$ 1,211,531	\$ 1,225,279	\$ 1,231,490
Per Capita Income	\$ 21,356	\$ 21,690	\$ 21,719	\$ 24,962	\$ 26,027	\$ 28,809	\$ 30,409	\$ 32,955	\$ 33,287	\$ 33,696
School Enrollment	7,952	7,934	7,884	7,685	7,453	7,373	7,182	7,159	7,096	7,009
Unemployment	14.2%	14.0%	8.2%	7.2%	6.0%	7.0%	10.3%	16.4%	9.4%	9.1%

Note: This data represents a one year lag from the fiscal year end as this type of information is never available for the current year under audit.

Sources: Personal income per capita and population provided by Bureau of Economic Analysis; school enrollment provided by Texas Education Agency website to include five independent school districts located within the county. Unemployment provided by Texas LMCI Tracer 2.

# MATAGORDA COUNTY

## PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

	2013	2013	2004	2004
		Percentage of		Percentage of
<u>Top Employers</u>	<u>Employment</u>	<u>Total County</u> <u>Employment</u>	<u>Employment</u>	<u>Total County</u> <u>Employment</u>
South Texas Project	1,170	7.65%	1,181	7.63%
Bay City ISD	521	3.41%	602	3.89%
Wal-Mart	116	0.76%	*	--
Matagorda Hospital	260	1.70%	318	2.05%
Palacios ISD	241	1.58%	235	1.52%
City of Bay City	179	1.17%	258	1.67%
Matagorda County	227	1.48%	313	2.02%
Lyondell	145	0.95%	190	1.23%
Oxea	162	1.06%	**	--
Van Vleck ISD	150	0.98%	150	0.97%
Tidehaven ISD	130	0.85%	149	0.96%
HEB	102	0.67%	97	0.63%
McAda Drilling Fluids	66	0.43%	63	0.41%
Total	<u>3,469</u>	<u>22.68%</u>	<u>3,556</u>	<u>22.96%</u>
Total County Employment		15,295		15,486

### Sources:

Each employer

Texas LMCI Tracer - Total County employment for current year

Labor Force - Total County employment nine years ago

\* Top employers employment data not available

\*\* Opened 2007

**MATAGORDA COUNTY**  
**FULL-TIME-EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST TEN FISCAL YEARS**

Function	Full-Time-Equivalent Employees as of Year End									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	32	33	33	33	34	34	34	34	34	35
Justice system	35	35	35	34	37	37	37	37	34	34
Public safety	45	45	46	47	47	47	48	48	49	48
Corrections and rehabilitation	31	31	30	32	34	35	35	35	35	35
Community & economic development	9	10	10	10	10	10	10	10	10	10
Health & human services	7	7	7	7	7	7	7	7	7	7
Infrastructure & environmental services	34	34	33	34	34	35	33	37	37	37
Total	193	195	194	197	203	205	204	208	206	206

Source: County Treasurer and Auditor Office

**MATAGORDA COUNTY**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Government</b>										
Births filed	342	310	291	322	420	389	404	386	355	474
Deaths filed	251	258	239	290	261	258	273	258	287	281
Marriage license applications	289	277	251	300	261	265	321	327	328	309
Registered voters	21,398	20,746	21,049	20,818	21,725	20,806	21,116	20,543	21,358	20,525
Auto titles	6,399	6,115	6,103	5,934	5,833	5,489	4,513	5,491	5,686	5,731
<b>Justice</b>										
<b>District Court</b>										
Civil cases filed	823	978	984	951	848	764	399	425	386	383
Civil case dispositions	1,051	1,021	1,023	961	994	933	414	330	371	304
Criminal cases filed	413	446	557	540	526	538	718	413	379	488
Criminal case dispositions	451	423	517	514	518	548	879	483	554	553
<b>County Court</b>										
Civil cases filed	60	77	94	63	73	52	64	75	67	74
Civil case dispositions	34	55	31	50	59	30	65	71	61	67
Criminal cases filed	1,234	1,362	1,323	1,371	983	935	968	986	1,001	982
Criminal case dispositions	1,433	1,455	1,467	1,594	1,085	1,073	1,096	4,955	1,112	989
<b>Justice of the Peace</b>										
Civil cases filed	150	413	328	328	592	408	363	385	374	416
Civil case dispositions	203	126	127	176	244	166	141	181	866	413
Criminal cases filed	7,417	7,082	8,426	5,878	6,591	6,599	5,351	4,955	3,931	3,381
Criminal case dispositions	5,765	4,600	6,241	4,450	4,450	5,153	3,848	4,626	5,500	3,566
<b>Public Safety</b>										
Total calls for service	7,809	8,043	7,847	8,235	7,957	7,851	7,863	7,976	7,605	6,262
Total arrests	928	695	588	775	890	744	970	791	680	800
<b>Corrections and Rehabilitation</b>										
Number of inmates per year	2,906	2,901	2,852	2,472	1,553	1,582	1,732	1,808	1,391	2,017
<b>Health and Human Services</b>										
Food permits issued	260	278	274	260	245	245	250	249	242	234
Food inspections	567	685	606	443	333	362	*	*	*	*
Septic permits issued	136	121	138	134	160	104	123	111	97	109
Building permits issued	346	338	436	368	449	367	375	333	297	330
Electrical permits issued	291	306	510	510	496	210	446	498	510	488

\* Information not available

Source: County records

**MATAGORDA COUNTY**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
County buildings	40	40	40	42	42	42	42	42	42	42
Public Safety										
Sheriff vehicles	42	43	48	43	47	48	55	53	53	46
Fire and ambulance	40	39	39	48	48	48	48	48	48	50
Infrastructure and Env. Svcs										
County roads (miles)	*	*	1,126	1,126	1,126	1,126	1,126	1,126	1,126	1,126
County bridges	*	*	87	87	87	87	87	87	87	87
Community and Economic Development										
Number of county parks	7	8	9	9	9	9	9	9	9	9

\* Information not available.

Sources: HGAC & TxDot and County Commissioner inventory report.



### *Other Supplementary Information*

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.





# ***Reed & Associates, PC***

*Certified Public Accountants*

*1717 8th Street, Suite 5*

*Bay City, Texas 77414*

*(979) 245-7361 ~ auditors@swbell.net*

**Independent Auditor's Report on Internal Control over Financial Reporting and  
On Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With Government Auditing Standards**

Commissioners  
Matagorda County  
1700 Seventh Street  
Bay City, Texas 77414

Members of the Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Matagorda County, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Matagorda County's basic financial statements, and have issued our report thereon dated May 28, 2014.

## **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Matagorda County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Matagorda County's internal control. Accordingly, we do not express an opinion on the effectiveness of Matagorda County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-1, that we consider to be significant deficiencies.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Matagorda County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

Reed & Associates, PC  
Bay City, Texas  
May 28, 2014

# ***Reed & Associates, PC***

*Certified Public Accountants*

*1717 8th Street, Suite 5*

*Bay City, Texas 77414*

*(979) 245-7361 ~ auditors@swbell.net*

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Commissioners  
Matagorda County  
1700 Seventh Street  
Bay City, Texas 77414

Members of the Commissioners:

### **Report on Compliance for Each Major Federal Program**

We have audited Matagorda County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Matagorda County's major federal program for the year ended December 31, 2013. Matagorda County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Matagorda County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Matagorda County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Matagorda County's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Matagorda County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2013.

## Report on Internal Control Over Compliance

Management of Matagorda County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Matagorda County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Matagorda County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Reed & Associates, PC  
Bay City, Texas  
May 28, 2014

**MATAGORDA COUNTY****SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2013****A. Summary of Auditor's Results****1. Financial Statements**Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?        Yes   X   NoOne or more significant deficiencies identified that  
are not considered to be material weaknesses?   X   Yes        None ReportedNoncompliance material to financial  
statements noted?        Yes   X   No**2. Federal and State Awards**

Internal control over major programs:

One or more material weaknesses identified?        Yes   X   NoOne or more significant deficiencies identified that  
are not considered to be material weaknesses?        Yes   X   None ReportedType of auditor's report issued on compliance for  
major programs: UnmodifiedAny audit findings disclosed that are required  
to be reported in accordance with section 510(a)  
of Circular A-133?        Yes   X   No

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant

Identification of major state programs:

<u>Name of State Program or Cluster</u>
Coastal Erosion Planning and Response Act Program

Dollar threshold used to distinguish between  
type A and type B programs: \$300,000Auditee qualified as low-risk auditee?   X   Yes        No

## **MATAGORDA COUNTY**

### ***SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2013***

#### **B. Financial Statement Findings**

2013-1 Condition: Controls over approved pay, calculated hours worked and application of time to vacation, sick, holiday or comp time are not operating effectively.

Criteria: Controls should be in place and operating to ensure only properly approved pay and approved hours worked are paid at the appropriate rates and that all employee paid leave used or added is properly approved and calculated within County policy.

Effect: Undocumented pay, incorrectly calculated hours worked, incorrectly calculated pay per hours worked, undocumented application of hours to comp time and application of time off to incorrect categories of paid leave.

Recommendations: All employees with payroll processing duties should receive thorough training on County policies for documenting approved pay, documenting hours applied to comp time, calculating extra duty hours, calculating overtime hours and applying time to vacation, sick or holiday. These calculations should be randomly spot checked to ensure the policies are being followed and calculations are mathematically correct.

#### **C. Federal Award Findings and Questioned Costs**

NONE

**MATAGORDA COUNTY*****SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013***

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
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None

**MATAGORDA COUNTY**  
**CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

2013-1 Condition: Controls over approved pay, calculated hours worked and application of time to vacation, sick, holiday or comp time are not operating effectively.

Criteria: Controls should be in place and operating to ensure only properly approved pay and approved hours worked are paid at the appropriate rates and that all employee paid leave used or added is properly approved and calculated within County policy.

Corrective action: All employees with payroll processing duties will receive thorough training on County policies for documenting approved pay, documenting hours applied to comp time, calculating extra duty hours, calculating overtime hours and applying time to vacation, sick or holiday. These calculations will be randomly spot checked by the Auditors office to ensure the policies are being followed and calculations are mathematically correct.

Contact person and completion date: Commissioners Court or designee, December 31, 2014



**MATAGORDA COUNTY****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Page 1 of 2

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through or State Number	Federal or State Expenditures
<b>FEDERAL AWARDS</b>			
<u>U. S. DEPARTMENT OF THE INTERIOR</u>			
Direct Programs:			
Coastal Impact Assistance Program - Sargent Beach Study	15.668		\$ 209,153
Coastal Impact Assistance Program - Tres Palacios Dredge Material S	15.668		108,083
Coastal Impact Assistance Program - Administration	15.668		148,652
Coastal Impact Assistance Program - Sargent Beach Local Erosion St	15.668		10,000
Coastal Impact Assistance Program - Palacios Multi-Use Nature Cente	15.668		133,459
Coastal Impact Assistance Program - Palacios Education Pavilion	15.668		13,040
Total Direct Programs			622,387
Total U. S. Department of the Interior			622,387
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Direct Program:			
State Criminal Alien Assistance Program	16.606		6,031
Total U. S. Department of Justice			6,031
<u>U. S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</u>			
Passed Through Texas General Land Office:			
*Community Development Block Grant - Sargent Beach Renovation	14.228	10-5108-000-5089	2,296,852
*Community Development Block Grant - Sargent Beach Bulkhead	14.228	10-5108-000-5089	114,941
*Community Development Block Grant - Carancahua Street Improvem	14.228	12-287-000-5635	165,879
Total Passed Through Texas General Land Office			2,577,672
Passed Through Texas Department of Agriculture Office of Rural Affairs:			
*Community Development Block Grant - Matagorda Sewer	14.228	712221	70,534
Total U. S. Department of Housing & Urban Development			2,648,206
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through Texas Department of Public Safety Division of Emergency Management:			
Emergency Management Performance Grant	97.042	13TX-EMPG-0528	32,938
Total U. S. Department of Homeland Security			32,938
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed Through Texas Juvenile Justice Division:			
Foster Care Title IV-E - Placement	93.658	E-2011-161	862
Foster Care Title IV-E - Placement	93.658	E-2008-161	3,828
Foster Care Title IV-E - Placement	93.658	E-2010-161	769
Total Passed Through Texas Juvenile Justice Division			5,459
Passed Through Texas Department of Family & Protective Services:			
Foster Care Title IV-E - Welfare	93.658	23940146	2,464
Foster Care Title IV-E - Legal	93.658	23940147	19,936
Total Passed Through Texas Department of Family & Protective Services			22,400
Total U. S. Department of Health and Human Services			27,859
TOTAL EXPENDITURES OF FEDERAL AWARDS			3,337,421

**MATAGORDA COUNTY****SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Page 2 of 2

Federal or State Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through or State Number	Federal or State Expenditures
<b>STATE AWARDS</b>			
<u>HOUSTON GALVESTON AREA COUNCIL</u>			
Assessment Counseling	N/A	26067-01	13,450
<u>OFFICE OF THE GOVERNOR CRIMINAL JUSTICE DIVISION</u>			
Smart Moves	N/A	2572001	29,869
Smart Moves	N/A	2752002	2,060
Courthouse Security	N/A	2741401	15,095
Total Office of the Governor Criminal Justice Division			47,024
<u>TEXAS DEPARTMENT OF PUBLIC SAFETY DIVISION OF TEXAS RANGERS</u>			
Operation Border Star	N/A	LBSP-13-41	16,350
<u>TEXAS GENERAL LAND OFFICE</u>			
Beach Maintenance	N/A	12-414-006-6964	19,803
CEPRA - Sargent Beach Nourishment	N/A	13-309-000-7587	1,499,598
Total Texas General Land Office			1,519,401
<u>TEXAS INDIGENT DEFENSE COMMISSION</u>			
Indigent Defense	N/A	212-13-161	28,260
<u>TEXAS JUVENILE JUSTICE DIVISION</u>			
Commitment Reduction Program	N/A	TJJD-C-2014-161	4,018
State Aid	N/A	TJJD-A-2014-161	68,672
Commitment Reduction Program	N/A	TJJD-C-2013-161	27,848
State Aid	N/A	TJJD-A-2013-161	269,847
Mental Health	N/A	TJJD-N-2014-161	2,100
Total Texas Juvenile Justice Division			372,485
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<b>1,996,970</b>

\* Indicates clustered program under OMB Circular A-133 Compliance Supplement

The accompanying notes are an integral part of this schedule.

## MATAGORDA COUNTY

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2013

#### 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Matagorda County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

#### 2. Subrecipients

Of the federal expenditures presented in the schedule, Matagorda County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Coastal Impact Assistance Program	15.668	\$ 463,735
Smart Moves - State	N/A	31,929
Total Provided to Subrecipients		<u>\$ 495,664</u>

